A Green Winter: The Case of Proposed Jiminy Peak Mountain Resort Wind Turbine
John MacArthur; Thomas Barton

WHEN CONSUMERS REEL FROM THE STICKER SHOCK OF HIGH ENERGY COSTS, smart business managers are looking for creative and profitable ways to insulate themselves from the vagaries of the energy marketplace. This teaching case is about a successful medium-sized ski resort in the Berkshire Mountains of Western Massachusetts, Jiminy Peak Mountain Resort (Jiminy Peak), and its deliberations about a wind turbine installation as a way to add a high degree of stability to its energy costs while helping to fulfill a corporate mission to protect the environment and allow the use of “green marketing” to attract more visitors to its popular ski slopes. This case allows undergraduate and graduate students to explore the economic, environmental, social, and other factors associated with the decision to invest in green energy sources based on the real-world example of Jiminy Peak wind turbine investment project. The case can be adapted for use in cost/managerial/management accounting undergraduate and graduate classes.

Keywords: Relevance, capital budgeting, qualitative factors

Large group (5)

Alliance Healthcare Network: Using a Balanced Scorecard to Motivate Change
Anne Sergeant; Paulette Ratliff-Miller

ALLIANCE HEALTHCARE NETWORK CONSIDERS the use of the balanced scorecard as a tool to motivate change in organizational culture. This real-life-based company owns and operates a number of hospitals and healthcare networks and is actively acquiring new facilities. This case focuses on motivating physicians of newly acquired facilities to properly use the information technology (IT) system. Students are asked to consider the differences between hospital and manufacturing environments, what motivates healthcare providers, and how performance measures can be used to assist in change. Objectives of the case are 1) to integrate performance measures and strategy into a motivational framework, 2) to foster an understanding of incentives and motivation for different types of individuals, 3) to explore the balanced scorecard as a means to motivate desired behavior or outcomes, and 4) to expose students to some current issues in healthcare management.

Keywords: Balanced scorecard

Small group (3)

The BBDE Health Center: A Case Study of Business Ethics
Jason Porter; Darryl Woolley

RECENT ACCOUNTING SCANDALS HAVE EMPHASIZED THE NEED to consider ethics in a wide variety of accounting scenarios. The typical focus in accounting ethics education, however, is on the creation and
assurance of the financial statements. While this focus is understandable, it ignores the many other ethical dilemmas that accountants face on a daily basis. This case attempts to widen this focus by examining an ethical dilemma faced by a young controller as part of his daily responsibilities. More specifically, the case adapts a real scenario to help students consider the ethical issues behind excessive reimbursements, using company resources to benefit family members, and theft of resources. The case also provides opportunities to talk with students about reporting ethical violations and about the pressures individuals feel to conform to the status quo.

Keywords: Ethics

Very small group (2)

À Votre Santé: Product Costing and Decision Analysis in the Wine Industry
Priscilla S. Wisner
À VOTRE SANTÉ (AVS) REQUIRES STUDENTS TO ANALYZE financial and operational data to create a contribution margin income statement, apply the concepts of relevant costs and opportunity costs to support strategic decision making, and analyze product profitability. The case uses information taken from a small wine operation in Napa Valley, somewhat simplified to reinforce the case analyses and teaching points. AVS has been used in MBA and executive education managerial accounting classes, and would be most appropriate for a graduate-level accounting or MBA course or for an advanced undergraduate course.

Keywords: Contribution margin, relevant and opportunity costs, product profitability, activity-based costing

Mid-sized group (4)

Dräger Medical Systems, Inc.: Technology for Life
Paul Mulligan, Alfred J. Nanni, Jr.
DRÄGER Medical Systems, Inc. is a company based in Lübeck, Germany with a long history of innovation in medical instruments. The company has a strong market presence in Europe, but only modest market penetration in the United States. The success and growth of operations at Dräger Medical’s U.S. headquarters, near Boston, Massachusetts, is critical to sustaining European market share and improving the company’s U.S. market share. This case describes the preparations for a proposed consolidation of manufacturing operations into the existing office site currently housing related research and development, management, and marketing personnel. The prime challenges outlined in the case are twofold: modify the assembly operations to handle potential increased demand in a space with a 45% smaller footprint, and significantly improve production efficiency. Students have the opportunity to assess the proposed plans from both operational and financial performance perspectives and argue for changes, where warranted.

Keywords: Strategy, cost behavior, differential analysis, payback period, relevance

Mid-sized – large group (4-5)
Implementing Sustainability at Tata Steel
George Joseph
WHILE FIRMS INCREASINGLY RECOGNIZE THE imperative of becoming sustainable, the challenges of sustainability are also increasingly evident. The case highlights the role of management control and accounting in supporting implementation of environmental, social, and economic aspects of sustainability in a multi-stakeholder global environment. Techniques including dashboards, quality costs, and cost-benefit analysis are shown to increase the effectiveness of planning and control of sustainability. The case also considers the reality of conflicts within stakeholder interests underlying sustainability issues, and the role of accounting in measuring and managing the risks and associated costs in these more complex and uncertain scenarios.

Keywords: Sustainability, management accounting control, measurement

Mid-sized to large group (4-5)

Western Cabinets – Building a Cabinet or Building a Transformation?
Mark Klassen, Suresh Kalagnanam
The Western Cabinets case is designed to help students understand the relationship between strategy and strategy execution through the use of management control systems. Students explore the issues of a “real life” North American regional cabinet manufacturer and retailer. After exploring the issues, students are left to decide whether Western Cabinets should re-invent its strategy or continue with the current strategy and focus on better execution through management control systems. To analyze strategy, the teaching notes use Porter’s low cost/differentiation model as well as the value chain to rationalize Western Cabinets’ business model. For strategy execution, the teaching notes provide guidance for instructors wishing to use Simons’ levers of control framework or Kaplan and Norton’s balanced scorecard. The teaching notes offer two approaches: a 60- to 80-minute in-class discussion or an extended 3-hour version that allows instructors more time to teach and students to conduct group presentations.

Keywords: Management control systems, strategy, levers of control

Mid-sized group (4)

Don’t Leave Your Hand in the Cookie Jar
Robert McDonald
John Davies, assistant controller, was concerned about an upcoming meeting with his boss about year-end accounting adjustments. He had noticed over the past two years that the controller was adding to three reserve accounts: bad debt, product returns, and warranties. “Cookie jar” accounting came to mind as John thought through his arguments against the practice. Cookie-jar accounting sets aside reserves in good times to be dipped into in bad times when the firm needs a boost to earnings—a classic example of earnings management. John knew the controller would cite conservatism in accounting, industry practice, and materiality in his defense of the added reserves. John was concerned that an ulterior motive for the controller was to present earnings growth to the venture capital firms that had
funded the start-up firm. There still is a gray area that allows differing interpretations of what should be recorded for these estimates. In this case, the student will balance off IMA Ethical Standards, SEC rulings on reserve accounting, conservatism in accounting, industry practice, and materiality to arrive at a solution of the proper accounting for the three accounts.

Keywords: Ethics, cookie jar reserves

Very small group (2)

Deploying Sustainability at Solea
Jan Bell; S. Sinan Erzurumlu; Holly Fowler
SOLEA, A MULTINATIONAL FOOD AND FACILITIES MANAGEMENT COMPANY, announced a global sustainability initiative. Within Solea, sustainability meant considering the environmental and social impacts of operations along with profitability. This case focuses on how the implementation of the sustainability initiative created organizational conflict between the sustainability group and the supply management group. Most of the disagreement arose from supply management strategies, designed to increase immediate profits, which conflicted with sustainability strategies, aimed to yield longer-term impacts. Even with upper management supporting sustainability, the case demonstrates how complicated it is to implement sustainability when actions get in the way of immediate profits and financial data is missing. Students understand the need to explicitly link (map) the new strategy to financial performances metrics, to specify when and how the benefits of a new strategy should impact profitability, and to monitor lead and lag performance measures.

Keywords: Sustainability, triple bottom line, performance measurement, balanced scorecard

Large group (5)

Caribbean Brewers: Transfer Pricing, Ethics, and Governance
Douglas Kalesnikoff; Suresh Kalagnanam
CARIBBEAN BREWERS IS A FICTITIOUS COMPANY, although the case depicts a real international business situation focusing on transfer pricing, ethics, and governance. It exposes students to the role of management accounting concepts, such as cost allocation and transfer pricing, in terms of how they impact the performance and reward of individuals at different levels within the organization. Students are also exposed to the impact of the management accounting and control tools/methods used upon stakeholder interests. The case puts the new advisor to the Chief Financial Officer in a difficult position with respect to discharging his or her professional and ethical responsibilities when the interests of the different stakeholders are at odds with one another (e.g., majority and minority shareholders, individual managers, and tax authorities). It contains a good balance of quantitative and qualitative analyses, and forces students to delve into the issues in some depth. The ethical issue forces students to think hard about how they would react when facing similar situations. The case offers considerable flexibility to the instructor to emphasize different aspects contained within, depending upon the specific course and the level at which it is being used; it can also work well as an integrative case. The case is most suitable for use in advanced undergraduate management accounting courses as well as graduate level courses including those in MBA programs. It has been successfully used as a discussion case in an MBA capstone
course; the positive student feedback, with mean ratings on four questions ranging from 7.7 to 7.9 on a ten-point scale, suggests that the case fulfilled its learning objectives.

Keywords: Transfer pricing, ethics, governance, performance measurement

Large group (5)

Haworth, Inc.: Building for the Triple Bottom Line
Paulette Ratliff-Miller
Today’s managers must consider more factors than accounting numbers in making operating decisions, including those that affect the environment. This case describes One Haworth Center, Haworth, Inc.’s, LEED gold-certified office/showroom building built in 2008, and Haworth’s ongoing sustainability efforts. The case provides students with a realistic context in which to examine the concepts of the triple bottom line, sustainability, corporate social responsibility, and green building. Students are asked to identify how Haworth is addressing each of the triple bottom lines (people, planet, and profit) and to determine how success might be measured for each of these. Students are encouraged to make connections between sustainability efforts and other management accounting topics such as cost control, business risk, and capital investment decisions. Finally, students are asked to make recommendations to management regarding future sustainability efforts.

Keywords: Sustainability, triple bottom line, decision making

Small group (3)

Johnson & Johnson: A Case Study On Sustainability Reporting
Susan Borkowski, Mary Jeanne Welsh, Kristin Wentzel
The case provides an introduction to sustainability reporting and triple-bottom-line accounting, and details how sustainability reporting at a specific company has developed and evolved since its inception at Johnson & Johnson in 1993. Students analyze one of Johnson & Johnson’s sustainability reports and assess its content from both an external user and a management perspective. Students are also asked to identify and discuss any deficiencies in the reporting process, and to suggest ways to improve the current reporting process. The case provides an opportunity to discuss how management accounting and sustainability reporting share similar objectives of making the long-term impact of decisions more visible.

Keywords: Sustainability reporting, triple bottom line reporting

Note: may require more outside reading than most of the other cases.

Large group (5)