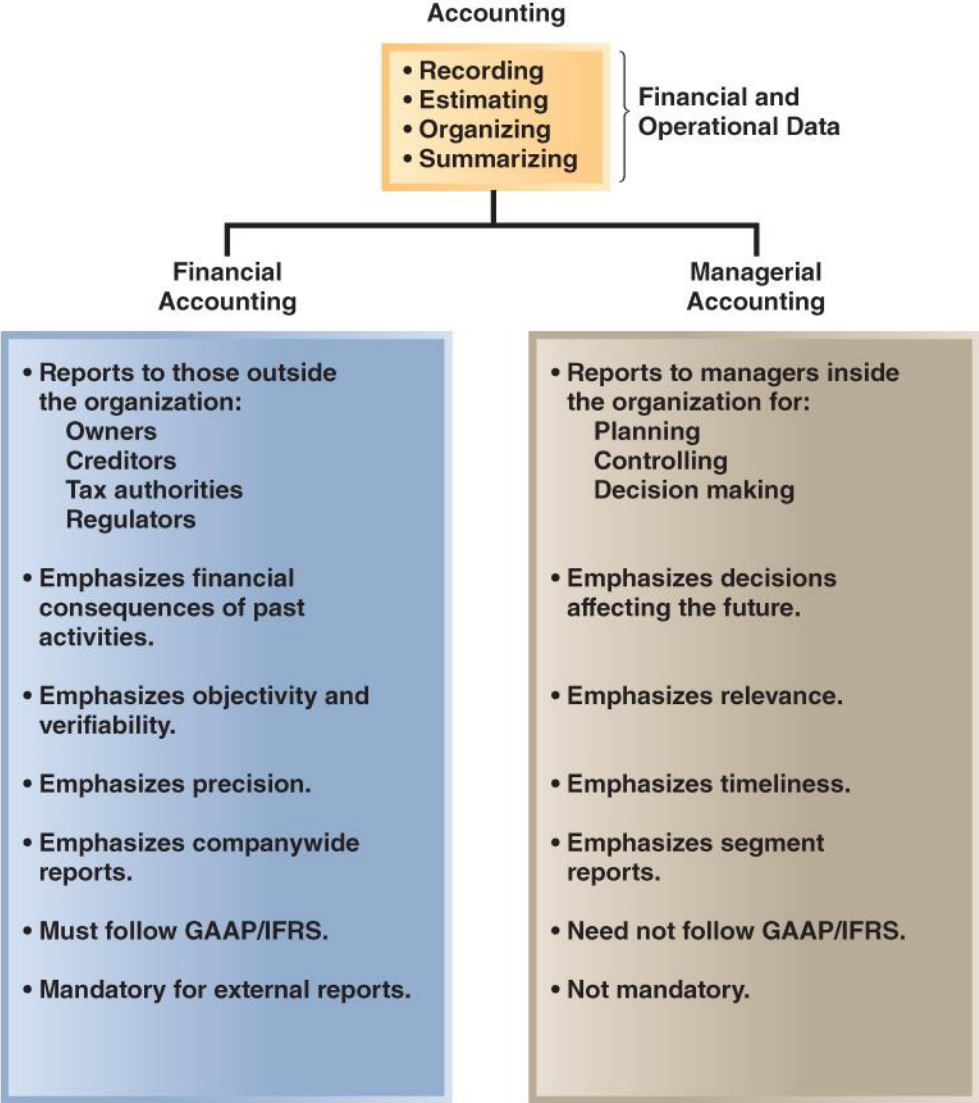


COMPARISON OF FINANCIAL AND MANAGERIAL ACCOUNTING

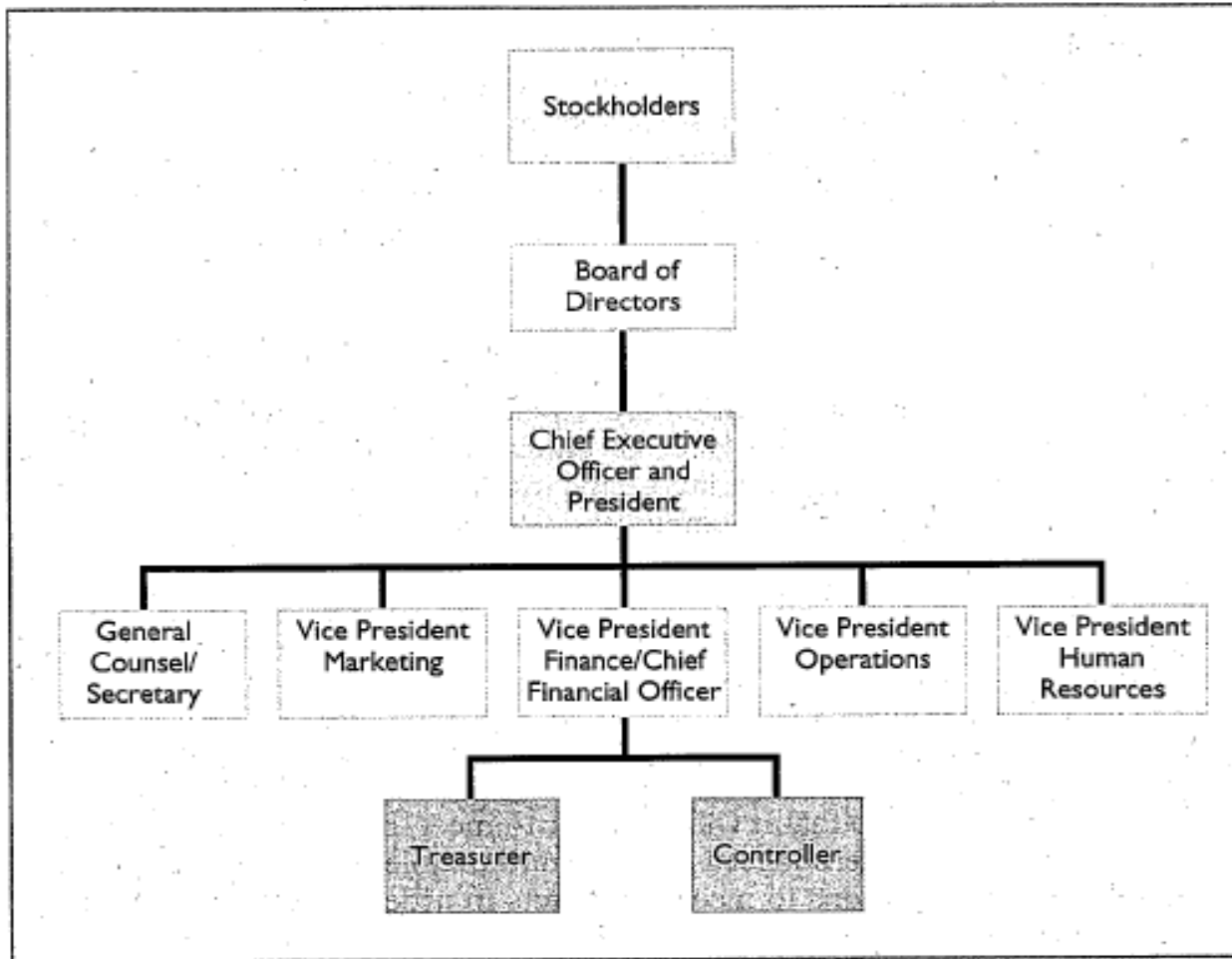


PLANNING AND CONTROLLING

- Planning involves establishing goals and specifying how to achieve them.
 - Plans are often accompanied by a budget.
 - A budget is a detailed plan for the future that is usually expressed in formal quantitative terms.
- Controlling involves gathering feedback to ensure that the plan is being properly executed or modified as circumstances change.
 - Part of the control process includes preparing performance reports.
 - A performance report compares budgeted data to actual data in an effort to identify and learn from excellent performance and to identify and eliminate sources of unsatisfactory performance.

ORGANIZATIONAL STRUCTURE

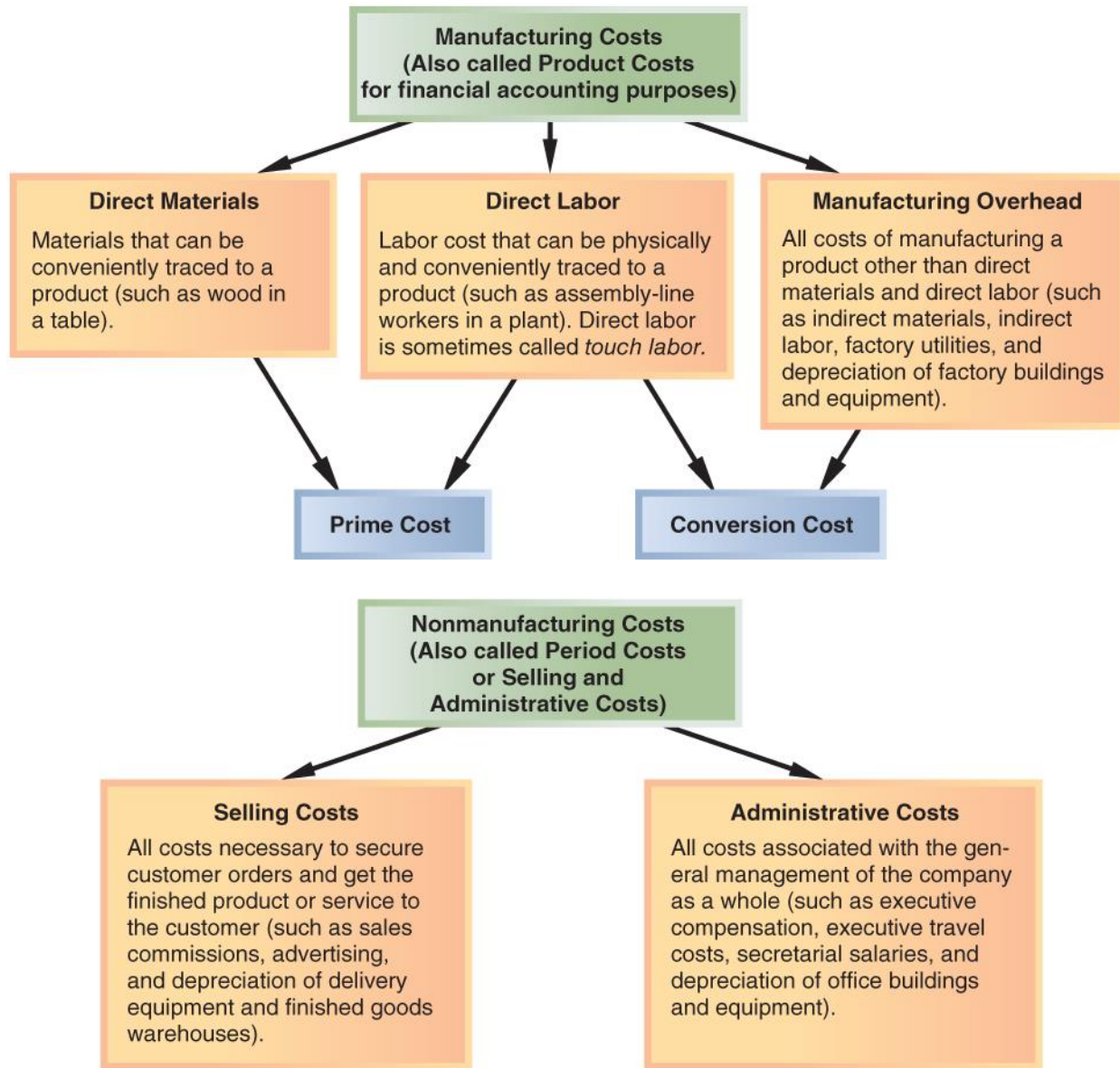
Most companies prepare **organization charts** to show the interrelationships of activities and the delegation of authority and responsibility within the company. Illustration 14-2 shows a typical organization chart.



- Staff vs. Line Position
- Sarbanes-Oxley Act

The **Sarbanes-Oxley** Act of 2002 (shortened to **SOX**) is legislation passed by the U.S. Congress to protect shareholders and the general public from accounting errors and fraudulent practices in the enterprise, as well as improve the accuracy of corporate disclosures.

MANUFACTURING COST CLASSIFICATIONS FOR EXTERNAL REPORTING



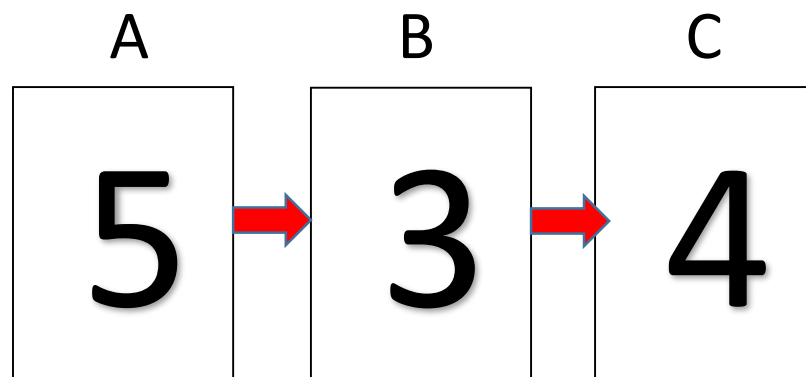
Other concepts in the chapter:

- Michael Porter's Value Chain:

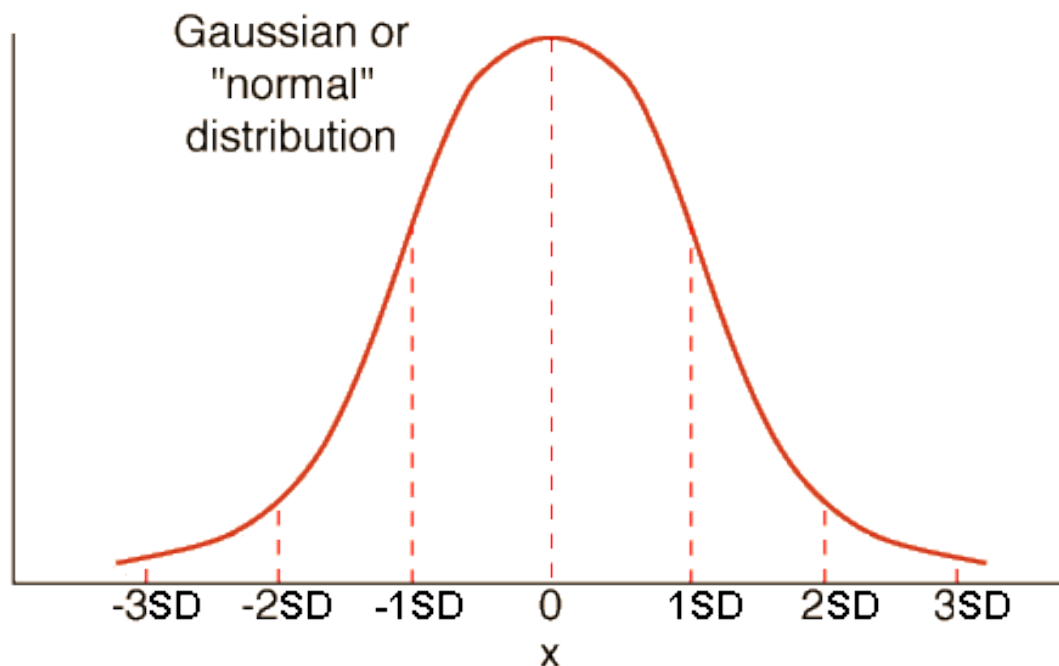
Elements in Porter's Value Chain: Rather than looking at departments or accounting cost types, Porter's Value Chain focuses on systems, and how inputs are changed into the outputs purchased by consumers

- Just In Time

Examples:



- Total Quality Management (TQM) – 6 Sigma



- Theory of Constraints – “Bottlenecks”
- Enterprise Resource Planning Systems – ERP
Software that controls all aspects of the business. (relate to JIT above)
- Balanced Scorecard – Chapter 23