

## **Innovation in Cost and Performance Management**

Master of Science in Innovation Management – MAIN

Academic year 2023/24

### 1. General information on the course

<b>Name of the course</b>	Innovation in Cost and Performance Management
<b>Degrees</b>	Master (“Laurea Magistrale”) in Innovation Management – <i>MAIN</i>
<b>Type</b>	Elective
<b>Cycle/Year/Semester</b>	2nd Year; 1st Semester
<b>Class hours</b>	36h (6 ECTS)
<b>Language of the course</b>	English
<b>Department</b>	Institute of Management (IoM)
<b>Lecturer</b>	<b>Andrea Tenucci</b> Office: IoM, Alliata Palace, Piazza Martiri Libertà, 26 (1st floor) e-mail: <a href="mailto:a.tenucci@santannapisa.it">a.tenucci@santannapisa.it</a>
<b>Assistants/other Lecturers</b>	<b>Lino Cinquini</b> Office: IoM, Alliata Palace, Piazza Martiri Libertà, 26 (1st floor) e-mail: <a href="mailto:l.cinquini@santannapisa.it">l.cinquini@santannapisa.it</a>  <b>Giacomo Pigatto</b> Office: IoM, Alliata Palace, Piazza Martiri Libertà, 26 (1st floor) e-mail: <a href="mailto:g.pigatto@santannapisa.it">g.pigatto@santannapisa.it</a>
<b>Time of lectures</b>	<i>Details in the Timetable</i>
<b>Platform (in case of online lectures)</b>	Cisco Webex
<b>Office hours</b>	By fixing an appointment by email

### 2. Content of the course, objectives and list of topics

#### 2.1 Contents

The course *Innovation in Cost and Performance Management* will provide students the knowledge and tools for offering relevant information for operational and strategic decision making and the understanding of the functioning of a business. To this aim, management accounting and performance management concepts will be explained.

The first part of the course will develop the management accounting topics introduced in the course “Financial Metrics”. The content of this part will include the most relevant techniques of product costing and service costing in a business, the profitability of product and services and will discuss the importance and impact of cost management on strategic decisions. The second part of the course will deal with the fundamental concepts and tools of budgeting and performance evaluation. The content of this part will include an introduction to performance measurement in a business, the process of performance evaluation and the most relevant performance evaluation tools, such as ESG (Environmental, Social and Governance).

## 2.2 Objectives

By the end of the course the students should be able to:

- i) design a costing system and calculate the cost of a product or service;
- ii) develop proposals to increase the profitability of products and services, improve internal processes and increase the profitability of the business;
- iii) understand the way the price is defined starting from the cost;
- iv) understand the overall performance of a business and develop proposal for performance improvement;
- v) develop the capability to critically discuss a business strategy;

## 2.3 List of topics

- A. Cost-Volume-Profit Analysis (MODULE A)
  - A.1) Cost-Volume-Profit Analysis advanced
- B. Activity-based Costing & Management (MODULE B)
  - B.1) ABC design and implementation
  - B.2) Activity-based Management
  - B.3) Time-driven Activity-based Costing
- C. Introduction to Planning & Budgeting (MODULE C)
  - C.1) The planning and control cycle
  - C.2) Budgeting
- D. Performance Measurement Systems (MODULE D)
  - D.1) What is performance evaluation
  - D.2) Performance evaluation assessment
  - D.3) Activity-based Management
  - D.4) Balanced Scorecard
  - D.5) Performance measurement in innovation
- E. Pricing decisions (MODULE E)
  - E.1) Pricing techniques
  - E.2) Cost-plus pricing approach
- F. Strategic Cost Management (MODULE E)
  - F.1) The competitive advantage in a business
  - F.2) Value chain analysis
  - F.3) Cost driver analysis
- G. ESG performance measurement tools (MODULE G)
  - G.1) ESG performance measurement tools

## 3) Prerequisite

The preliminary taking or attendance of the course “Financial Metrics” is strongly recommended.

#### 4) Teaching method

Lectures are of four types: i) traditional lectures, where the lecturer presents topics; ii) tutorials, where students can verify, supported by lecturer, their understanding of topics through exercises; iii) case studies development and presentations, where students are required to present and discuss business cases, and short written assignments, where students are required to demonstrate their capability of argumentation and critical discussion of some of the topics of the course; iv) learning from the experience of managers. Managers will be invited to share their experience of working in a company.

#### 5) Evaluation method

30% of the final score will be assigned by individual and/or group assignments during the course.

The remaining 70% of the final score will be based on the written exam at the end of the course. A sufficient grade (18/30) is at minimum needed in the written exam to pass.

An additional adjustment (max + 1 point) of the final score will be possible considering individual behavior in classroom & active participation at discretion of the lecturer.

#### 6) Teaching Material:

[1] Garrison, Noreen and Brewer, 2012, *Managerial accounting*, 14th edition, McGraw-Hill [Chapters 1, 2, 3, App. 4B, 5, 7, 8, 11, Appendix A].

[2] Shank and Govindarajan, 1993, *Strategic Cost Management: The New Tool for Competitive Advantage*, The Free Press [Chapter 4].

Additional readings and materials will be assigned during the course.

#### 7) Timetable & instructions (to be delivered at the beginning of the course)

**Changes in the timetable due to unpredictable events or to the arrangement of guest lectures will be timely communicated.**