

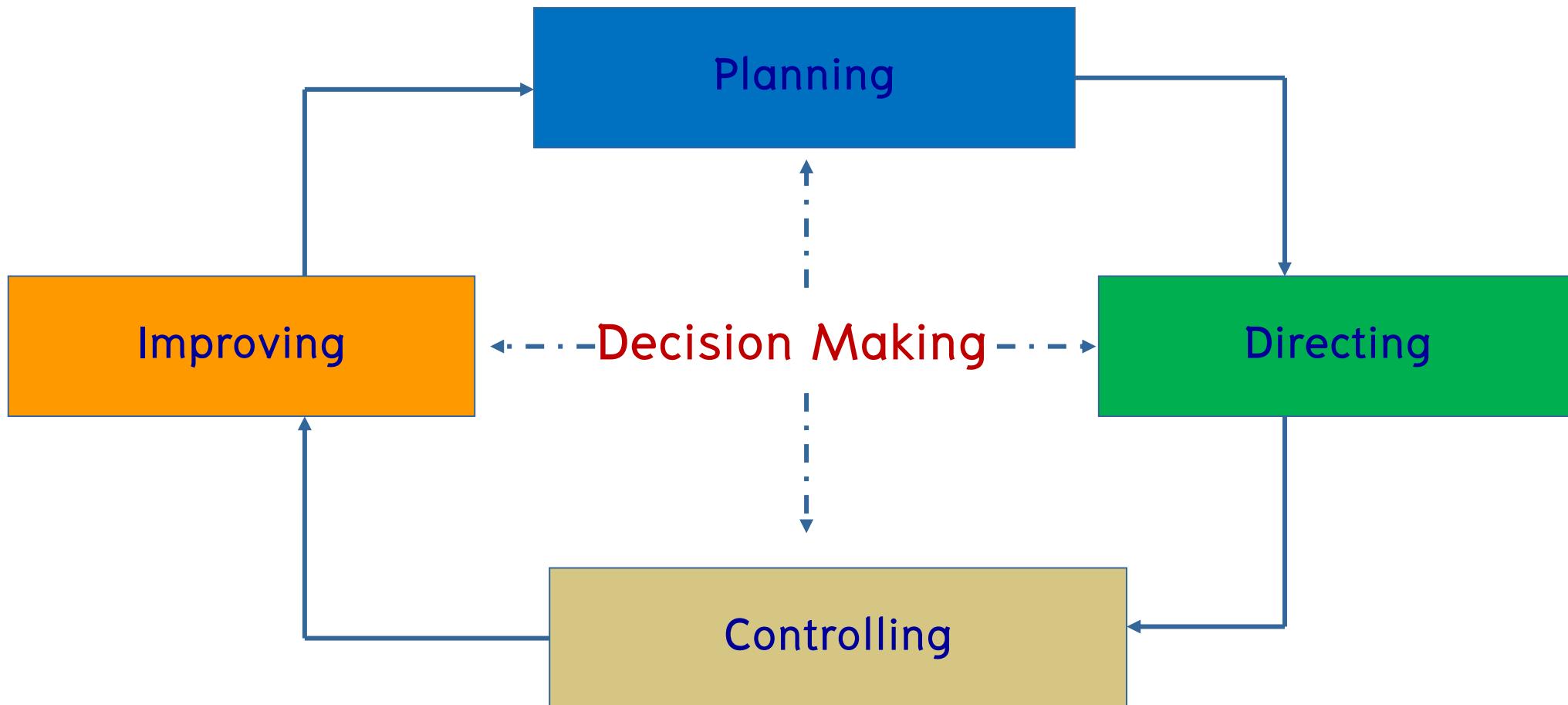
Managerial Accounting



Chapter 1

Management Accounting in an Organization

Executive roles and responsibilities



Changes in the production environment

Past

- Uniform Products**
- Higher Labor Content**
- Low Overhead Costs**
- Domestic competition**
- Stable Product Life Cycle**
- Simple Production Process**

Present

- Large Product Variations**
- Higher Technology Content**
- High Overhead Costs**
- Global Competition**
- Short Product Life Cycle**
- Complex Production Process**

Compare Financial & Managerial Accounting

Financial Accounting

- + Deals with reporting to parties outside the organization
- + Deals with the organization as a whole
- + Highly regulated
- + Primarily uses historical data

Management Accounting

- + Deals with activities inside an organization
- + Deals with responsibilities centers within the organization as well as with the organization as a whole
- + Unregulated
- + May use projections about the future

Management Accounting Information

- + **The Institute of Management Accountants has defined management accounting as:**

A value-adding continuous improvement process of planning, designing, measuring and operating both nonfinancial information systems and financial information systems that guides management action, motivates behavior, and supports and creates the cultural values necessary to achieve an organization's strategic, tactical and operating objectives

Development of Strategic Cost Management

