

Paper 16

STRATEGIC COST MANAGEMENT (SCM)

100 Marks

Module No.	Module Description	Weight
Section A: Strategic Cost Management for Decision Making		60%
1	Introduction to Strategic Cost Management	5%
2	Quality Cost Management	5%
3	Decision Making Techniques	25%
4	Activity Based Management and Just in Time (JIT)	10%
5	Evaluating Performance	15%
Section B: Quantitative Techniques in Decision Making		40%
6	Linear Programming	15%
7	Transportation	
8	Assignment	
9	Game Theory	15%
10	Simulation	
11	Network analysis – PERT, CPM	
12	Learning Curve	
13	Business Application of Maxima and Minima	10%
14	Business Forecasting Models – Time Series and Regression Analysis	
15	Introduction to Tools for Data Analytics	

SECTION A: STRATEGIC COST MANAGEMENT – TOOLS AND TECHNIQUES

1. Introduction to Strategic Cost Management

- 1.1 Concepts of Strategic Cost Management in Different Stages of Value Chain
- 1.2 Cost Control and Cost Reduction – Contemporary Techniques
- 1.3 Value Chain Analysis and Value Engineering - Business Process Re-engineering
- 1.4 Supply Chain Management

2. Quality Cost Management

- 2.1 Managing Quality in Competitive Environment
- 2.2 Cost of Quality
- 2.3 Total Quality Management
- 2.4 Lean Accounting
- 2.5 Six Sigma

- 3. Decision Making Techniques (Case Study-based Approach)**
 - 3.1 Decisions involving Alternative Choices
 - 3.2 Pricing Decisions and Strategies
 - 3.3 Transfer Pricing
 - 3.4 Relevant Cost Analysis
 - 3.5 Target Costing
 - 3.6 Product Life Cycle Costing
 - 3.7 Asset Life Cycle Costing
 - 3.8 Decision Making using Probability

- 4. Activity Based Management and Just in Time (JIT)**
 - 4.1 Activity Based Cost Management - Concept, Purpose, Benefits, Stages, Relevance in Decision-making and its Application in Budgeting, Responsibility Accounting, Traditional vs. ABC System – Comparative Analysis
 - 4.2 JIT – Introduction, Benefits, Use of JIT in measuring the Performance
 - 4.3 Throughput Accounting
 - 4.4 Back flush Accounting
 - 4.5 Benchmarking

- 5. Evaluating Performance**
 - 5.1 Variance Analyses
 - 5.1.1 Investigation of Variances
 - 5.1.2 Planning and Operating Variances
 - 5.1.3 Controllable and Non-controllable Variances
 - 5.1.4 Relevant Cost Approach to Variance Analysis
 - 5.1.5 Variance Analysis under Marginal Costing and Absorption Costing
 - 5.1.6 Activity Ratios
 - 5.1.7 Application of Budgetary Control and Standard Costing in Profit Planning
 - 5.1.8 Standard Costing Vs Budgetary Control
 - 5.1.9 Reconciliation of Actual Profit with Standard Profit and /or Budgeted Profit
 - 5.2 Uniform Costing and Inter-firm comparison

SECTION B: QUANTITATIVE TECHNIQUES IN DECISION MAKING

- 6. Linear Programming**
- 7. Transportation**
- 8. Assignment**
- 9. Game Theory**
- 10. Simulation**
- 11. Network analysis – PERT, CPM**
- 12. Learning Curve**
- 13. Business Application of Maxima and Minima**
- 14. Business Forecasting Models – Time Series and Regression Analysis**
- 15. Introduction to Tools for Data Analytics**