

## EXAMPLES OF GOOD “GROWTH” STATEMENTS

- **Unlike accounting classes where there is only one right answer**, there are several ways to interpret business problems and circumstances. ... The lesson of managerial accounting: each manager has subjective interpretations of the process of that business and would allocate costs differently or make different decisions. **This challenged my previous thinking** that there was only one right answer in accounting. In managerial accounting, it seems you make educated decisions on cost allocations and another manager would probably do things differently. It doesn't mean either approach is wrong, but use the information to the best of your ability given what you know about the company.
- **One of the real enlightened moments** in our team's discussions was that it's just as important to know what you don't know as it is what you do. In a real situation, it would be those things that you'd want to spend a lot of time finding out.
- All in all, I have learned new concepts in this class, which have proven to be pretty intuitive. While I haven't been officially exposed to some of the concepts in the past, including cost allocation, I seem to be picking up the material easily. I believe this is, in part, due to the commonsensical nature of the material, and also to my ability to apply the concepts to my current position.
- **To my surprise**, managerial accounting isn't about the correct answer but more about the process in getting to the answer. Once we create a methodology for analyzing costs and revenues we can make better decisions about the future of the company.
- Although, the topic of Activity-Based Costing did not seem interesting to me initially, **by the end of the class period I had changed my mind completely**. Part of the reason is due to the fact, that I know have a thorough understanding of the ABC and understand how it can be applied in the real world. Basically, ABC helps managers determine how to allocate indirect costs (specifically overhead) to certain products or services. ... This (ABC) process will give us many rates and not just one as we are determining what activity caused the overhead to come about. This will generate more accurate information.
- **I have had several “ah hah” moments**, such as when we were answering questions from the book and one involved the VP of Marketing for Superstone Recording Equipment and whether it was unethical for her to let her bias influence the information she sent to her superiors. **It was my opinion that** she should always be up front and honest with her bosses and at the same time give her opinion back by her reasoning, **however it was revealed to me in class** that she should be honest with her bosses because he bosses may have information or perspective related to the decision making which the VP lacked. This point of view factor as I like to call it is an important factor to keep in mind when deciding if I should ever omit info or allow bias to enter into my reports to my managers.
- **I was very interested and surprised** when we got to chapter six because it hit the two major topics of what I do. I found the discussion of cost driver very interesting because the book describes how there are four main reasons companies allocate cost and those four reasons are exactly what we provide our clients. Usually when they are hiring us to perform a cost allocation they are doing it for one specific reason, to conform to state and federal guidelines. **What I had been realizing** before the chapter and especially now is that we are providing them with some many more useful tools that could be using to budget and run their cities more efficiently. **But I did find the chapter a little difficult because** the books focused on the point that there are other cost drivers than labor hours, but in my line of work my cost drivers are labor or specifically the activities city/county employees do that are cost

recoverable. **So it was an enlightening experience to understand that** there are other ways to do it.

- As a Senior Financial Analyst, I am routinely asked to apply cost accounting concepts in the workplace. **Most of our coursework is a reaffirmation of concepts that I regularly apply at work....** Thus far, the course has provided reinforcement for concepts applied daily at work. **It has been additional exercise which sharpens my focus in daily activities.** I look forward to continued reinforcement and growth.
- The step-down method of cost accounting allocates overhead departments to each other through a series of allocations between the more global overhead functions to more detailed ones, and ultimately, to direct departments. **This concept illustrated for me a method** used throughout the healthcare industry (which I hadn't really considered).
- **Before this course, I have never thought of** traditional or volume based costing approach could lead to fatal business decision. The traditional approach often incorrectly over-costs simple high volume products while incorrectly under-costing complex low volume products.
- **I think I will never forget the case study Eastside medical testing. I was very confident about my analysis and calculation for this case study at first, but it turned out that I was wrong. Most importantly, I was trumped but I learned. ... What I failed to realize was that** even T1 was unprofitable, it was actually paying part of the fixed costs, which would increase the firm's overall profit. **Another critical factor that I didn't consider** was the volume of each test. Making more profit on each test in the higher volume product line made a significant difference than by making more profit on each test in the lower volume product line. It was not until it was explained to me after class that I realized my mistakes.
- **I am definitely feeling that I have changed.** I might not be able to compute all the costs accurately yet, but **I am seeing accounting system from a different angle than that I did before.** I started getting into a habit of identifying the different costs and imagine how I would manage them.
- Through my former education I was well aware of equations of straight line and slope calculations. **I was surprised to learn that the same concepts can be applied to calculate the variable & total fixed costs of a company.**
- **My original notion that** costing analysis assume that same amount of cost and resources are spent on all types of products was challenged by the ABC analysis. My understanding that all incurred labor costs can be allocated as direct labor was challenged as ABC technique takes into account both direct and in-direct labor costs.
- **Death spiral was another concept that caught my eyes.** While making different hypothesis or analyzing production cost, we should be careful to avoid death spirals. Keeping one department that might look unprofitable is not always a bad choice. Some costs are still there even if you drop the department; therefore it might make the company's overall profit suffer after doing this. **This reminds me that** we should not only consider data separately and forget to at overall consequences.
- Speaking of decisions, when listing different choices, it is easier to word them into either/or decisions and go from there. Some issues/decisions are complicated and may need to be broken down into smaller choices.
- When considering growth, you need to look outside the company, and go beyond just analysis. Look at relationships, with distributors, ultimate customers. Is there a market and a place for more products? This is a combination of qualitative factors and quantitative factors. Numbers do not rule all!