

Lesson 1-2

Planning and Control Systems

Planning and Control Systems

- Planning selects goals, predicts results, decides how to attain goals, and communicates this to the organization.
 - Budget—the most important planning tool
- Control takes actions that implement the planning decision, decides how to evaluate performance, and provides feedback to the organization.

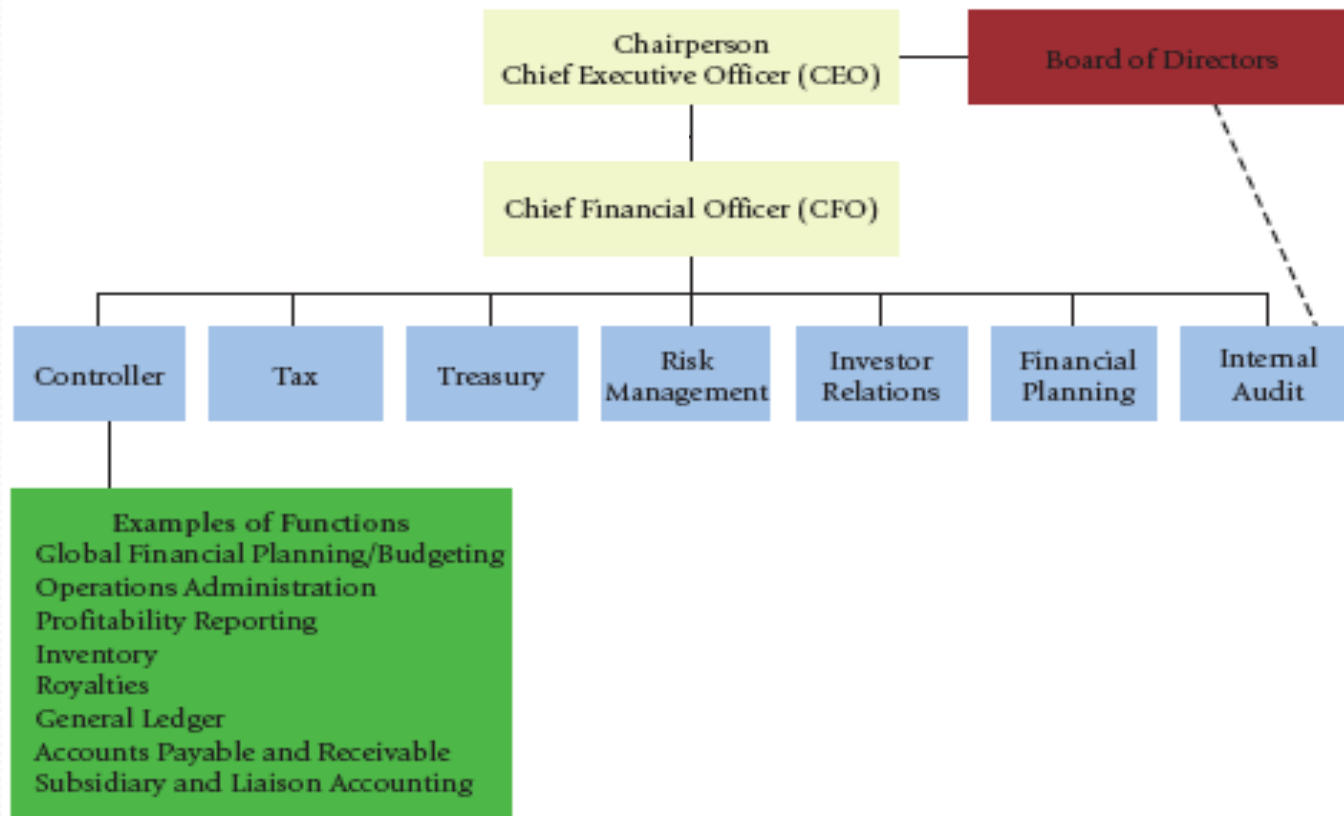
A Five-Step Decision Making Process in Planning and Control

1. Identify the problem and uncertainties.
2. Obtain information.
3. Make predictions about the future.
4. Make decisions by choosing between alternatives.
5. Implement the decision, evaluate performance, and learn.

Management Accounting Guidelines

- Cost–benefit approach is commonly used: benefits generally must exceed costs as a basic decision rule.
- Behavioral and technical considerations—people are involved in decisions, not just dollars and cents.
- Managers use alternative ways to compute costs in different decision-making situations.

A Typical Organizational Structure and the Management Accountant



Professional Ethics

- The four standards of ethical conduct for management accountants as advanced by the Institute of Management Accountants:
 - Competence
 - Confidentiality
 - Integrity
 - Objectivity

Case Study

XYZ Electronics is a mid-sized company specializing in consumer electronics, with a focus on smartphones, tablets, and accessories. Established 15 years ago, the company enjoyed steady growth until the last two years, where sales have been on a consistent decline. Despite new product launches and various marketing campaigns, the company has failed to reverse the trend.