

Chapter 1: Introduction to Managerial Accounting

Learning Objectives

1. Define managerial accounting and its role in business operations.
2. Compare and contrast managerial and financial accounting.
3. Use accounting information for business strategy and control.
4. Identify trends in managerial accounting.

Accounting in Life

Many decisions in your life are similar to those faced by business people. Think like a managerial accountant will improve your personal decision-making.

- Is college worth the cost based on your future income with additional training?
- What is the *real* cost of college, considering you would have to give up _____ of income that you would have made if you were working?

Business people are confronted with similar questions daily, and managerial accountants help them assemble the appropriate information to make sound decisions.

What is Managerial Accounting?

- Focuses on _____ business operations to support _____-making.
- Managerial accountants are partners in _____ and _____.

Key Functions of Managerial Accounting

1. **Planning:** Develop strategies, set goals, and prepare _____.
2. **Facilitating:** Implement strategies through mechanisms such as _____ and _____.
3. **Controlling:** Monitor and evaluate performance using _____ and providing _____.

Managerial vs. Financial Accounting

Feature	Managerial Accounting	Financial Accounting
Focus	_____	_____
Reporting Flexibility	_____	_____
Decision Support	_____	_____

The Role of Data in Business Strategy

- **Internal Data:** _____, _____, and internal costs.
- **Customer Data:** _____ and _____.
- **Economic Data:** _____ trends and _____ rates.

Examples: Vinted and Hokulia

- To monitor progress Vinted implemented key metrics like _____, _____, and _____.

- Hokulia uses non-financial metrics to monitor store performance like

_____ , and _____ .

Balanced Scorecard Perspectives

1. _____ Perspective:

2. _____ Perspective:

3. _____ Perspective:

4. _____ Perspective:

Denmon Electronics Strategy Map			
Strategic Objectives	KPIs / Measures	Targets	Initiatives
Financial Performance 	Market Share Revenue Growth Rate ROE	30% 20% 25%	Reduce stock ownership with a stock buyback program
Customer Value 	Customer Satisfaction Web Conversion Rate	90% 5%	Implement customer satisfaction survey
Internal Business 	Inventory Turnover Time from Order Receipt to Shipment Web Hits Per Hour	60 Days 7 Hours 5000	Implement an inventory storage area redesign Website redesign
Learning and Growth 	SG&A as % of Sales Investment in warehouse as % of total capital expenditures	15% 40%	Purchase data analytics software and train marketing staff Review and select warehouse automation vendor and obtain equipment

Figure 1.5 Denmon Strategy Map

Implementing Balanced Scorecard

- Outline _____ Objectives
- Select _____ (_____)
- Set _____
- Implement _____

Trends in Managerial Accounting

- Shift from _____ reporting to _____ analytics.
- AI and automation are changing _____ roles.

Key AI Tools in Accounting

- _____ (____)
- _____ (____)
- _____

AI in the Workplace

- Helps save _____ and maximize _____.
- Importance of human-AI collaboration:
 1. Understanding _____ concepts.
 2. Monitoring _____ outputs.
 3. Taking _____ when necessary.