PREFACE

Bringing Real-World Focus To

Managerial Accounting.

The world of business is changing dramatically. As a result, the role of managerial accounting is very different than it was even a decade ago. Today, managerial accountants serve as internal business consultants, working side-by-side in cross-functional teams with managers from all areas of the organization. For a thorough understanding of managerial accounting, students should not only be able to produce accounting information, but also understand how managers are likely to use and react to the information.

The goal of **Managerial Accounting** is to acquaint students of business with the fundamental tools of management accounting and to promote their understanding of the dramatic ways in which the field is changing. The emphasis throughout the text is on using accounting information to help manage an organization.

> *"Major strength is how it relates managerial accounting to the general management function and reveals the managerial accountant as an important member of the management team."*
> — Linda C. Bowen,
> University of North Carolina – Chapel Hill

Your Managerial Accounting Class

Focus Companies.

Focus Companies provide a powerful strategy for fostering learning, and Hilton's integration of focus companies throughout the text is unmatched by any other managerial accounting book. Each chapter introduces important managerial accounting topics within the context of a realistic company. Students see the immediate impact of managerial accounting decisions on companies and gain exposure to different types of organizations. Examples from select Indian companies have been added to familiarize the students with developments in India.

"The company story acts as a hook to get students interested in the chapter material."
— Michele Matherly,
University of North Carolina at Charlotte

Balanced.

Hilton's *Managerial Accounting* offers the most balanced coverage of manufacturing and service companies. He recognizes that students will be working in a great variety of business environments and will benefit from exposure to diverse types of companies. Hilton uses a wide variety of examples from retail, service, manufacturing, and nonprofit organizations.

"In today's world, it is important to teach the student from a standpoint of a variety of different business organizations. Hilton does a great job of diversifying his material among various types of business organizations."
— Marilyn Ciolino,
Delgado Community College

Contemporary.

Hilton continues to be the leader in presenting the most contemporary coverage of managerial accounting topics. The traditional tools of managerial accounting such as product costing and budgeting have been updated with current approaches. New topics such as environmental cost management and The Sarbanes-Oxley Act have been added.

"Perhaps what sets Hilton apart from the competition is its recognition that the world consists of more than manufacturing firms, and that managerial accounting plays a significant role in service and not-for-profit organizations."
— Lanny Solomon,
University of Missouri – Kansas City

Flexible.

Managerial Accounting is written in a modular format allowing topics to be covered in the order you want. For example, Chapter 17 covers absorption, variable and throughput costing. Many instructors like to cover this topic early in the course. So, Chapter 17 is written so that it can be assigned right after Chapter 3. A table showing the text's flexibility is in the Instructor's Resource Manual.

"The book goes beyond covering the basics and organizes and integrates contemporary topics nicely."
—Harrison McCraw,
State University of West Georgia

How Does *Managerial Accounting: Creating Value In A Dynamic Business Environment* Bring The Real World Into Your Classroom?

FOCUS COMPANIES

Students need to see the relevance of managerial accounting information in order to actively engage in learning the material. Ron Hilton found that by using Focus Companies to illustrate concepts, students immediately saw the significance of the material and became excited about the content. Hilton's integration of Focus Companies throughout the text is unmatched by any other managerial accounting textbook. Each chapter introduces important managerial topics within the context of a realistic company.

Whenever the Focus Company is presented in the chapter, its logo is shown so the student sees its application to the text topic.

Focus Company and Contrast Company Used in Each Chapter

Chapter Title	Focus Company	Focus Company Logo	Focus Company Industry	Contrast Company
1. The Changing Role of Managerial Accounting in a Dynamic Business Environment	The Walt Disney Company	Walt Disney Company	Entertainment company	The Gap (apparel retailer)
2. Basic Cost Management Concepts and Accounting for Mass-Customization Operations	Comet Computer; Southwest Airlines, Wal-Mart, and Caterpillar	Comet Cometcomp.com	Computer manufacturer with heavy reliance on Internet sales; airline, retailer, and manufacturer, respectively	Midas, Inc. (automotive service company)
3. Product Costing and Cost Accumulation in a Batch Production Environment	Adirondack Outfitters	ADIRONDACK OUTFITTERS	Manufacturer of canoes and small boats	Midtown Advertising Agency (ad agency)
4. Process Costing and Hybrid Product-Costing Systems	MVP Sports, Wisconsin Division	MVP Sports Equipment Company	Manufacturer of baseball gloves	MVP Sports, Minnesota Division
5. Activity-Based Costing	Patio Grill Company	PATIO GRILL CO.	Manufacturer of gas barbeque grills	Delaware Medical Center (health care provider)

CONTRAST COMPANIES

New to this edition, a Contrast Company is now introduced in each chapter. In most cases these highlight an industry different from that of the Focus Company. This feature allows even greater emphasis on service-industry firms and other non-manufacturing environments. The Focus Companies and Contrast Companies are listed on the front endpapers.

THIS CHAPTER'S FOCUS COMPANY is The Walt Disney Company. This entertainment services company is a giant in the industry with theme parks, feature film studios, animation studios, television broadcasting, hotels and resorts, and retail stores. Using The Walt Disney Company as an illustration, we will introduce the field of managerial accounting. We will explore how managerial accountants work in partnership with managers to add value to the organization. The major themes of managerial accounting also are introduced, and we will return to them throughout the book.

Walt Disney Company

Each chapter is built around a focus company, in which the chapter's key points are illustrated. This chapter's focus is on The Walt Disney Company. The focus companies in subsequent chapters are not real companies, but they are realistic scenarios built on actual company practices.

IN CONTRAST to the entertainment services setting of The Walt Disney Company, we will turn our attention to Gap, Inc. This major clothing retailer has over 3,000 stores around the world, which sell Gap, Banana Republic, Old Navy, and Forth & Towne apparel. We will explore Gap's value chain, which is the set of linked, value-creating activities, ranging from securing basic raw materials and energy to the ultimate delivery of products and services. As a retailer, Gap focuses on apparel design, marketing, and sales. All manufacturing of its clothing lines is contracted out to garment manufacturers throughout the world.

Each chapter also includes a contrast company. In most cases, the contrast company will present a key chapter topic in an industry that is different from that of the focus company. In this chapter, the focus company (Walt Disney) is an entertainment services company, whereas the contrast company (The Gap) is a fashion retailer. The discussions are also supported by illustrations from Indian companies to bring in contextual familiarity.

REAL-WORLD FOCUS

Activity-Based Costing System

LO2

Explain how an activity-based costing system operates, including the use of a two-stage procedure for cost assignment, the identification of activity cost pools, and the selection of cost drivers.

Topic 5–2

Patio Grill Company's director of cost management, Hamilton Burger, had been thinking for some time about a refinement in the Denver plant's product-costing system. He wondered if the traditional, volume-based system was providing management with accurate data about product costs. Burger had read about **activity-based costing (ABC) systems,** which follow a two-stage procedure to assign overhead costs to products. The first stage identifies significant activities in the production of the three products and assigns overhead costs to each activity in accordance with the cost of the organization's resources used by the activity. The overhead costs assigned to each activity comprise an **activity cost pool.**

After assigning overhead costs to activity cost pools in stage one, cost drivers appropriate for each cost pool are identified in stage two. Then the overhead costs are allocated from each activity cost pool to each product line in proportion to the amount of the cost driver consumed by the product line.

The two-stage cost-assignment process of activity-based costing is depicted in Exhibit 5–4.

Burger discussed activity-based costing with Patty Cook, the assistant director of cost management. Together they met with all of Patio Grill Company's department supervisors to discuss development of an ABC system. After initial discussion, an ABC proposal was made to the company's top management. Approval was obtained, and an ABC project team was formed, which included Burger, Cook, and

Managerial Accounting: A Business Partnership with Management

"We are looked upon as business advisors, more than just accountants, and that has a lot to do with the additional analysis and the forward-looking goals we are setting." (1a)[1]

Caterpillar

The role of managerial accounting is very different now than it was even a decade ago. In the past, managerial accountants operated in a strictly staff capacity, usually physically separated from the managers for whom they provided reports and information. Nowadays, managerial accountants serve as internal business consultants, working side-by-side in cross-functional teams with managers from all areas of the organization. Rather than isolate managerial accountants in a separate accounting department, companies now tend to locate them in the operating departments where they are working with other managers to make decisions and resolve operational problems. Managerial accountants take on leadership roles on their teams and are sought out for the valuable information they provide. The role of the accountant in leading-edge companies "has been transformed from number cruncher and financial historian to being business partner and trusted advisor."[2] Another important transformation of management accounting is the role it plays in strategic management. This is highlighted later when we discuss **Balanced Score Card** and **Value Chain.**

An organization's management team, on which managerial accountants play an integral role, seeks to create value for the organization by managing resources, activities, and people to achieve

"As most students taking a basic principles of managerial accounting course are not accounting majors, they don't always understand why they need to know this information. I believe you could use them to show why finance people, marketing people, management people, etc., need to know this information."

—Lois Mahoney,
Eastern Michigan University

Management Accounting Practice

SUGUNA POULTRY FARM LTD.

Suguna Poultry is a major success story in India of entrepreneurship in a traditional sector like poultry industry. It was started by two brothers, Soundararajan and Sundararajan in mid 80s with 200 chickens as a small enterprise. After going through several upheavals and several feats, they have now reached a turnover of Rs.1500 crores. They also successfully pioneered the practice of contract farming in poultry in India. This industry works on cost leadership principle, and their cost management practices are cutting edge. They are also known for their exploitation of information technology and their robust enterprise resource management system. They have excellent ERP system and they track right from parent stage to the chicken stage until it is sold. They have well integrated templates for budgeting, costing, and responsibility center management.

In the tables below is presented their consolidation of regional office budgets which is based on raw data building from number of birds onwards (Exhibit 9.6). They also have another template which consolidates revenues from product lines and divisions at Corporate level (Exhibit 9.7). They have an interesting practice of consolidating revenue at their corporate office level by adding loyalties from all their divisions and product lines. These add up to the profitability of the overall organization. This is a unique feature of this firm. These data are entirely bottom up and builds upon data sent from laboratories, production units, growers and retailers. The exhibits produced are templates of budgets and similarly they have sets of templates for actual at various levels. A comparison of these two tables automatically gives cost variances which the top management reviews periodically.

Focus on Ethics

MISSTATED STANDARDS AFFECT ACCURACY OF REPORTS

The scenario described here, while placed in the context of a fictitious enterprise, is based on an actual situation that occurred at NuTone Housing Group, which at the time was a subsidiary of Scoville, Inc.[3]

To set the stage, consider these facts about the standard-costing system in place at Shrood Division, a subsidiary of Gigantic Enterprises, Inc. Shrood Division manufactures a wide range of electric household products, such as lighting, fans, water pumps, and security systems. The division manufactures approximately 10,000 products, made from over 70,000 components. Tom Cleverly has run the division in what he calls a hands-on manner for over a quarter century. When Shrood Division was acquired by Gigantic Enterprises a decade ago, Cleverly was at first unhappy with the merger, but it soon became apparent that Gigantic's top management would let him run the business the way he was used to running it. Three aspects of Cleverly's management style are noteworthy. First, he insists on being involved in all major pricing decisions; he's not a delegator. Second, he has developed a second-level management that is loyal and supportive of his approach. Third, he has refused to lower the direct-labor time standards for years, even though many productivity improvements have been made. At present, the actual direct-labor times are on average only about a third of the standard times. Moreover, since manufacturing overhead is applied on the basis of direct labor, both the standard direct-labor and the standard overhead costs are inflated relative to actual costs.

The implications of this practice are that huge favorable variances are experienced all year long in both direct labor and overhead. Cleverly has used these favorable variances to "manage the quarterly earnings" reported by Shrood Division to corporate. Cleverly has instructed his manager of accounting, Evan Twixt, to release just enough of the favorable variances into Cost of Goods Sold (CGS) on a quarterly basis to ensure that Shrood Division just meets its earnings target in the budget. Then, at the end of the year, the remainder of this large favorable variance is released into CGS, with the result that Shrood Division ends each year with fourth-quarter earnings far in excess of the target. Like a knight in shining white armor, Shrood Division saves the day for Gigantic Enterprises year after year. Shrood has come to be known in corporate circles as "the jewel in the crown of Gigantic Enterprises."

Now for the conflict. Gigantic has hired a new corporate controller, Jeffrey Fixit, whose charge is to introduce more consistency in the reporting methods of Gigantic's various divisions. When Fixit visited Shrood Division and discovered what was going on, he tried to get Tom Cleverly to instruct Evan Twixt to correct the direct-labor standards to reflect attainable results (i.e., reality). Cleverly has refused, though, and Fixit doesn't have the power to force him to do so. Meanwhile, poor Twixt is caught in the middle.

Real-World Examples

The Hilton text provides a variety of thought-provoking, real-world examples to focus students on managerial accounting as an essential part of the management process. Featured organizations include FedEx, Ford, Bank of America, Amazon.com, the Gap, and many others. Example from Indian companies have been added at various places to highlight the applications of management in India.

In Their Own Words

Quotes from both practicing managers and managerial accountants are included in the margins throughout the text. These actual quotes show how the field of management accounting is changing, emphasize how the concepts are actually used, and demonstrate that management accountants are key players in most companies' management teams.

Management Accounting Practice

The managerial accounting practices of well-known, real-world organizations are highlighted in these boxes. They stimulate student interest and provide a springboard for classroom discussion.

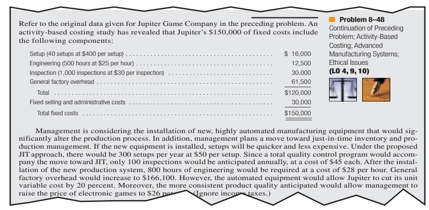
Focus on Ethics

This feature is included in most chapters. Focus on Ethics poses an ethical dilemma, then asks tough questions that underscore the importance of ethical management. Some of these are based on real-world incidents while others are fictional but based on well-established anecdotal evidence.

A FOCUS ON EXCEPTIONAL END-OF-CHAPTER MATERIAL

Managerial Accounting is known for its comprehensive and reliable end-of-chapter material. Each chapter includes an extensive selection of assignment material including Review Questions, Exercises, Problems, and Cases.

Review Problems present both a problem and a complete solution allowing students to review the entire problem-solving process.



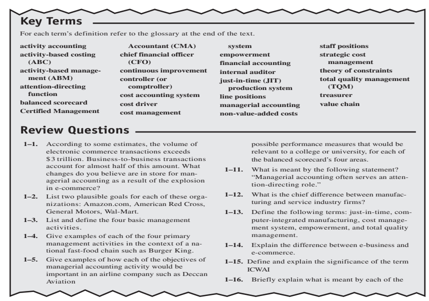
Problem 8–48
Continuation of Preceding Problem; Activity-Based Costing; Advanced Manufacturing Systems; Ethical Issues
(LO 4, 9, 10)

Refer to the original data given for Jupiter Game Company in the preceding problem. An activity-based costing study has revealed that Jupiter's $150,000 of fixed costs include the following components:

Setup (40 setups at $400 per setup)	$ 16,000
Engineering (500 hours at $25 per hour)	12,500
Inspection (1,000 inspections at $30 per inspection)	30,000
General factory overhead	61,500
Total	$120,000
Fixed selling and administrative costs	30,000
Total fixed costs	$150,000

Management is considering the installation of new, highly automated manufacturing equipment that would significantly alter the production process. In addition, management plans a move toward just-in-time inventory and production management. If the new equipment is installed, setups will be quicker and less expensive. Under the proposed JIT approach, there would be 300 setups per year at $50 per setup. Since a total quality control program would accompany the move toward JIT, only 100 inspections would be anticipated annually, at a cost of $45 each. After the installation of the new production system, 800 hours of engineering would be required at a cost of $28 per hour. General factory overhead would increase to $166,100. However, the automated equipment would allow Jupiter to cut its unit variable cost by 20 percent. Moreover, the more consistent product quality anticipated would allow management to raise the price of electronic games to $26 per ... (Ignore income taxes.)

Key Terms are bolded in the text and repeated at the end of the chapter with page references. The book also includes a complete Glossary of Key Terms. Key Terms are also available as online flash cards at the book's Web site.



Key Terms

For each term's definition refer to the glossary at the end of the text.

activity accounting
activity-based costing (ABC)
activity-based management (ABM)
attention-directing function
balanced scorecard
Certified Management Accountant (CMA)
chief financial officer (CFO)
continuous improvement
controller (or comptroller)
cost accounting system
cost driver
cost management system
empowerment
financial accounting
internal auditor
just-in-time (JIT) production system
line positions
managerial accounting
non-value-added costs
staff positions
strategic cost management
theory of constraints
total quality management (TQM)
treasurer
value chain

Review Questions

1–1. According to some estimates, the volume of electronic commerce transactions exceeds $3 trillion. Business-to-business transactions account for almost half of this amount. What changes do you believe are in store for managerial accounting as a result of the explosion in e-commerce?

1–2. List two plausible goals for each of these organizations: Amazon.com, American Red Cross, General Motors, Wal-Mart.

1–3. List and define the four basic management activities.

1–4. Give examples of each of the four primary management activities in the context of a national fast-food chain such as Burger King.

1–5. Give examples of how each of the objectives of managerial accounting activity would be important in an airline company such as Deccan Aviation

possible performance measures that would be relevant to a college or university, for each of the balanced scorecard's four areas.

1–11. What is meant by the following statement? "Managerial accounting often serves an attention-directing role."

1–12. What is the chief difference between manufacturing and service industry firms?

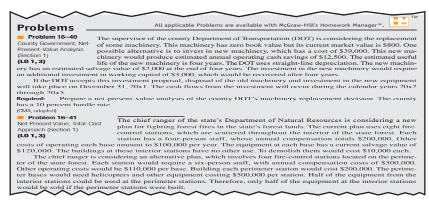
1–13. Define the following terms: just-in-time, computer-integrated manufacturing, cost management system, empowerment, and total quality management.

1–14. Explain the difference between e-business and e-commerce.

1–15. Define and explain the significance of the term ICWAI

1–16. Briefly explain what is meant by each of the

Review Questions, Exercises, Problems, and Cases are comprehensive in covering the points in the chapter. They exhibit a wide range of difficulty and the Instructor's Manual provides guidance for the instructor on the difficulty level and time required for each problem. Numerous adapted CMA and CPA problems are included.



Problems

All applicable Problems are available with McGraw-Hill's Homework Manager™.

Problem 16–40
County Government; Net-Present-Value Analysis (Section 1)
(LO 1, 3)

The supervisor of the county Department of Transportation (DOT) is considering the replacement of some machinery. This machinery has zero book value but its current market value is $800. One possible alternative is to invest in new machinery, which has a cost of $39,000. This new machinery would produce estimated annual operating cash savings of $12,500. The estimated useful life of the new machinery is four years. The DOT uses straight-line depreciation. The new machinery has an estimated salvage value of $2,000 at the end of four years. The investment in the new machinery would require an additional investment in working capital of $3,000, which would be recovered after four years.

If the DOT accepts this investment proposal, disposal of the old machinery and investment in the new equipment will take place on December 31, 20x1. The cash flows from the investment will occur during the calendar years 20x2 through 20x5.

Required: Prepare a net-present-value analysis of the county DOT's machinery replacement decision. The county has a 10 percent hurdle rate.

(CMA, adapted)

Problem 16–41
Net Present Value; Total-Cost Approach (Section 1)
(LO 1, 3)

The chief ranger of the state's Department of Natural Resources is considering a new plan for fighting forest fires in the state's forest lands. The current plan uses eight fire-control stations, which are scattered throughout the interior of the state forest. Each station has a four-person staff, whose annual compensation totals $200,000. Other costs of operating each base amount to $100,000 per year. The equipment at each base has a current salvage value of $120,000. The buildings at these interior stations have no other use. To demolish them would cost $10,000 each.

The chief ranger is considering an alternative plan, which involves four fire-control stations located on the perimeter of the state forest. Each station would require a six-person staff, with annual compensation costs of $300,000. Other operating costs would be $110,000 per base. Building each perimeter station would cost $200,000. The perimeter bases would need helicopters and other equipment costing $500,000 per station. Half of the equipment from the interior stations could be used at the perimeter stations. Therefore, only half of the equipment at the interior stations would be sold if the perimeter stations were built.

Each chapter includes problems and cases exploring key business areas. Logos next to the problems identify these topics.

Ethical Issues

Group Work

Internet Research

International Issues

Business Communication

Excel Template

EXCEL

Spreadsheet applications are essential to contemporary accounting practice. Students must recognize the power of spreadsheets and know how accounting data are presented in them. We discuss Excel applications where appropriate in the text.

Exercise 6–31
Benchmarking
(LO 7, 9)

The continual search for the most effective method of accomplishing a task through comparison of existing methods and performance levels with those of other organizations or with other subunits within the same organization is called benchmarking. Sometimes organizations benchmark their operations against similar organizations, including their competitors. In other cases, organizations benchmark against a completely different type of organization. For example, a telecommunications company benchmarked its customer service operations against a NASCAR pit crew. The idea was to see how the telecommunications company's customer service unit could improve its response time by learning from the NASCAR crew. The pit crew, of course, had honed its procedures meticulously to get the necessary service accomplished in the least time possible. This type of benchmarking study is sometimes referred to as benchmarking "outside the box."

Required:

1. How could your college or university benefit from benchmarking against a similar institution of higher education? What departments, operations, or procedures might be appropriate for the focus of such a benchmarking study?
2. How could your college or university benefit from benchmarking outside the box? What departments, operations, or procedures might benefit from such a study? What noneducational organizations might be chosen for the benchmarking study?

Several exercises and problems in each chapter include an optional requirement for students to **Build a Spreadsheet** to develop the solution.

Problem 9–41
Budgeting; Financial Objectives; Ethics
(LO 1, 2, 4)

Healthful Foods Inc., a manufacturer of breakfast cereals and snack bars, has experienced several years of steady growth in sales, profits, and dividends while maintaining a relatively low level of debt. The board of directors has adopted a long-run strategy to maximize the value of the shareholders' investment. In order to achieve this goal, the board of directors established the following five-year financial objectives.

- Increase sales by 12 percent per year.
- Increase income before taxes by 15 percent per year.
- Maintain long-term debt at a maximum of 16 percent of assets.

These financial objectives have been attained for the past three years. At the beginning of last year, the president of Healthful Foods, Andrea Donis, added a fourth financial objective of maintaining cost of goods sold at a maximum of 70 percent of sales. This goal also was attained last year.

The budgeting process at Healthful Foods is to be directed toward attaining these goals for the forthcoming year, a

Many problems can be solved using the Excel spreadsheet templates contained on the text's Web site. An Excel logo appears in the margin next to these problems for easy identification

"Good description of managerial accounting tools. Easy to read and understand. Strength is in the end-of-chapter problems - good variety and lots of them."
—Priscilla Wisner,
Thunderbird, The Garvin School of International Management

"Excellent in comparison to the competition. It is thorough and has a good quality and quantity of material for students to test themselves."
—Laura Rickett,
Kent State University

WHAT'S NEW IN THIS EDITION?

Contrast Companies

New to the seventh edition is a contrast company in each chapter. As in previous editions, each chapter is built around a realistic Focus Company in which the chapter's key points are illustrated. In this edition, however, a Contrast Company is also introduced, which in most cases will feature an industry different from that of the focus company. This new feature allows even greater emphasis on service-industry firms and other non-manufacturing environments. The focus companies and contrast companies are listed in the front endpapers.

Greater Emphasis on the Service Industry

In addition to introducing the contrast companies described above, a greater effort has been made to point out the relevance of managerial accounting concepts and tools in service-industry settings. Many examples are given throughout the text of real-world service-industry firms using managerial accounting information.

The Sarbanes-Oxley Act

Three sections of Sarbanes-Oxley (SOX) are germane to management accounting, because they address aspects of *internal controls over financial reporting.* Section 101 establishes the Public Company Accounting Oversight Board (PCAOB), which has established requirements for assessing internal controls. The sections that have caused the most significant challenges for companies, and hence created the most controversy, are sections 302 and 404. The implications of these three SOX sections are covered in the 7th Edition.

Streamlining

To streamline this edition, Chapters 5 and 6 have been heavily revised and reorganized. Significant changes to both the content and pedagogy in these chapters, which cover activity-based costing and activity-based management, make these challenging topics more accessible to students.

Updated Topic Tackler

This popular tutorial offers a virtual helping hand in understanding the most challenging topics in the managerial accounting course. Through a step-by-step sequence of video clips, PowerPoint slides, interactive practice exercises, and self-tests, Topic Tackler offers help on two key topics for each chapter. These topics are indicated by a logo in the text. New in this edition are audio-narrated electronic slides.

Focus on Ethics

Several of the Focus on Ethics pieces have been revised to make this feature even more useful as a vehicle for exploring ethical issues in the classroom. The Focus on Ethics piece in Chapter 1 has been revised to reflect the new *Statement of Ethical Professional Practice* adopted by the Institute of Management Accountants in 2005. The Focus on Ethics piece in Chapter 5 addresses difficult ethical issues that can arise in the aftermath of an ABC project. The Chapter 6 ethics piece addresses the use of customer profitability analysis as the basis for providing differential treatment for different classes of customers.

End-of-Chapter Material

The end-of-chapter material has once again been very heavily revised. Several new problems have been added, and virtually all of the exercises, problems, and cases contain data different from that in the sixth edition.

Complex Problems

A set of complex problems have been added to select chapters to challenge interested students who might be looking for advanced level problems.

Build a Spreadsheet

This new feature adds a spreadsheet requirement to several exercises and problems in each chapter. Students are asked to build an Excel spreadsheet that will solve the exercise and then manipulate the solution by changing some of the key data in the exercise.

Heavily revised coverage of key topical areas, brand new pedagogy for the most challenging topics, and new assignment material make this edition more useful than ever to students and faculty alike.

SIGNIFICANT CONTENT CHANGES

Chapter 1: Coverage of IMA's new *Statement of Ethical Professional Practice*. New coverage of the balanced scorecard using United Parcel Service as an illustration. Expanded coverage of the value chain. Introduction of Contrast Company: The Gap, an apparel retailer. (In contrast to the Focus Company: The Walt Disney Company, an entertainment services company.)

Chapter 2: Introduction of Contrast Company: Midas, an automotive service company. (In contrast to the Focus Company: Comet Computer Company, a manufacturer.)

Chapter 3: Introduction of Contrast Company: Midtown Advertising Agency, an advertising services company. (In contrast to the Focus Company: Adirondack Outfitters, a manufacturer of canoes and small boats.)

Chapter 5: Heavy revision and reorganization of material covering activity-based costing. Brand new pedagogy, making this challenging topic more accessible to students. New Focus Company: Patio Grill Company, a manufacturer of gas barbeque grills. Introduction of Contrast Company: Delaware Medical Center, a health care provider.

Chapter 6: Reorganization and revision of activity-based management coverage. New Focus Company: Patio Grill Company, a manufacturer. Introduction of Contrast Company: Federal Express, a worldwide express delivery service.

Chapter 7: Introduction of Contrast Company: Cosmos Communications Technology, a manufacturer of communications satellites. (In contrast to the Focus Company: Tasty Donuts, a restaurant chain.)

Chapter 8: Introduction of Contrast Company: Accu-Time, a manufacturer of digital clocks. (In contrast to the Focus Company: Seattle Contemporary Theater, a nonprofit theater organization.)

Chapter 9: Movement of the chapter's appendix covering inventory management to a stand-alone appendix at the end of the textbook. Introduction of Contrast Company: Philadelphia Fitness Cooperative, a fitness club. (In contrast to the Focus Company: CozyCamp.com, a manufacturer of camping equipment, with online sales)

Chapter 10: Revision and expansion of coverage of the balanced scorecard. Introduction of Contrast Company: Forest Home National Bank, a financial services company. (In contrast to the Focus Company: DCDesserts.com, a producer of fresh fancy desserts with emphasis on e-commerce.)

Chapter 11: Introduction of Contrast Company: Upstate Auto Rentals, a car-rental service company. (In contrast to the Focus Company: DCDesserts.com, a producer of fresh fancy desserts with emphasis on e-commerce.)

Chapter 12: Introduction of Contrast Company: Handico, a manufacturer of cordless phones. (In contrast to the Focus Company: Aloha Hotels and Resorts, a hotel and resort chain.

Chapter 13: Introduction of Contrast Company: Suncoast's Food Processing Division, which operates bakeries and dairy and meat processing plants for the grocery retailer. (In contrast to the Focus Company: Suncoast Food Centers, a grocery retailer.)

Chapter 14: Introduction of Contrast Company: International Chocolate Company, a chocolate producer. (In contrast to the Focus Company: Worldwide Airways, an airline.)

Chapter 15: Introduction of Contrast Company: Marine Services, a marina service and construction company. (In contrast to the Focus Company: Sydney Sailing Supplies, a sailboat manufacturer.)

Chapter 16: Introduction of Contrast Company: High Country Department Stores, a retailer. (In contrast to the Focus Organization: City of Mountainview, a city government.)

Chapter 18: Introduction of Contrast Company: International Chocolate Company, a chocolate producer. (In contrast to the Focus Company: Riverside Clinic, a health care provider.)

ONLINE LEARNING CENTER (OLC)

We offer an Online Learning Center (OLC) that follows **Managerial Accounting** chapter by chapter. It can be accessed at www.mhhe.com/sie-hilton7e