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COST MANAGEMENT
A Strategic Emphasis

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Cost Management

A Strategic Emphasis

Third Edition

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We dedicate this edition . . .

To my wife Sandy, and our children Joseph and David

Ed Blocher

To my wife Mary, and our children Robert and Melissa

Kung Chen

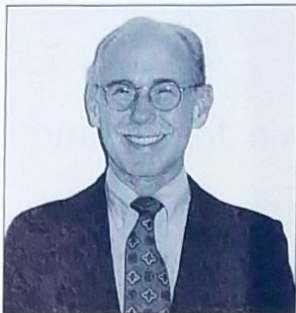
To my wife Pam Tower, and my mentor Robert A. Bonsack, a true craftsman in the field of cost management

Gary Cokins

To my wife Angela, and our children Bill and Margaret

Tom Lin

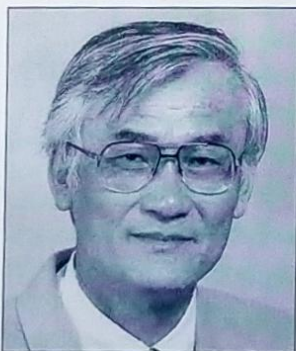
Meet the Authors



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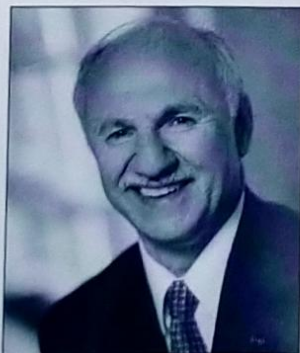
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What's NEW about 3e?

Chapter 1: Cost Management and Strategy

- Coverage of strategy simplified by moving strategic positioning from Chapter 2 to Chapter 1
- Strategic positioning now presented as a fundamental concept of general knowledge

Chapter 2: Implementing Strategy

- Chapter 2 now deals entirely with the implementation of strategy, using accounting concepts and techniques, such as the balanced scorecard and the value chain
- Ethical and environmental concerns are enhanced through new material in Chapter 2 related to the Sarbanes-Oxley Act and additional material on sustainability

Chapter 3: Basic Cost Concepts

- General updating of material through new problems and exercises and new real-world focus boxes

Chapter 4: Job Order Costing

- The chapter on job costing was moved up in the text to provide a more orderly transition from the basic methods in Chapter 3 to ABC costing in Chapter 4. Also, it allows the instructor to cover job costing and overhead application prior to ABC costing, if desired
- The content of Chapter 4 was reduced somewhat to convey essential concepts of the chapter more simply and directly

Chapter 5: Activity Based Costing and Management

- Revised two-stage model depicting different drivers for different processes in cost assignment
- Section added with an extensive discussion on customer profitability analysis, including types of customers, customer cost categories, customer revenue analysis, and customer cost analysis
- General updating through new real world applications

Chapter 6: Cost Estimation

- General updating through new real world examples and problems
- Addition of the concept of mean absolute percentage error

Chapter 7: Cost-Volume-Profit Analysis

- General updating through new problems and examples
- ABC costing and sensitivity analysis incorporated

Chapter 8: Strategy and the Master Budget

- General updating through new problem and examples, with an emphasis on Excel applications

Chapter 9: Decision Making with Relevant Costs and a Strategic Emphasis

- General updating through new problems and examples, some incorporating Excel and ABC costing

Chapter 10: Cost Planning for the Product Life Cycle

- New section on pricing is added, including methods based on the cost life cycle and methods based on the sales life cycle
- Concept of Takt time is introduced

Chapter 11: Process Costing

- New section on the relationship of process costing to ABC costing
- New section on sustainability
- New section on the theory of constraints

Chapter 12: Cost Allocation

- General updating through new real world examples and problems

Chapter 13: The Flexible Budget and Standard Costing

- General updating through new real world examples and problems
- New emphasis on Excel applications

Chapter 14: Standard Costing: Factory Overhead

- General updating through new real world examples and problems
- New emphasis on Excel applications

Chapter 15: Productivity, Marketing Effectiveness, and Strategic Profitability Analysis

- Extensive discussion on strategic implications of marketing and productivity variances
- New section on operational profitability analysis examining effects on operating results attributable to growth, changes in price and cost, and variations in productivity over the years, including extensive discussion on strategic implications of these effects

Chapter 16: Total Quality Management

- General updating through new real world examples and problems
- New emphasis on Excel applications

Chapter 17: Management Control and Strategic Performance Measurement

- General updating through new real world examples and cases
- Greater emphasis on ethics

Chapter 18: Strategic Investment Units and Transfer Pricing

- General updating through new real world examples and cases

Chapter 19: Management Compensation and Business Valuation

- Revised chapter clarifies the difference between evaluating the performance of a business (for the purpose of evaluating top executives) from the valuation of a business (for the purpose of pricing the firm's shares, etc)
- New coverage of stock-based compensation incorporating recent developments

Chapter 20: Capital Budgeting

- General updating through new real world examples and problems
- Information added on uses of financial calculators to perform capital budgeting

Supplements

For Instructors . . .

Instructor's Resource CD-ROM (ISBN 0072835370): Contains all essential course supplements such as the Instructor's Resource Manual, Solutions Manual, Test Bank Word Files, Computerized Testbank by Brownstone, and PowerPoint® Presentations, and Excel Templates.



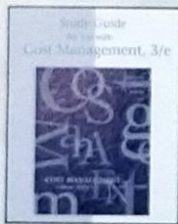
Online Learning Center (OLC): www.mhhe.com/blocher3e

The text website includes premium content for students for FREE with the purchase of a new book, including daily and weekly news feeds from the NY Times and PowerWeb. The Instructor Edition of the *Cost Management: A Strategic Emphasis, 3e* OLC is password-protected and another convenient place for instructors to access essential course supplements. Additional resources for professors include: Links to professional resources, Sample Syllabi, Text Updates, Solutions to the Student Excel Spreadsheets, and Solutions to Internet Exercises.

For Students . . .



Cases and Readings for use with *Cost Management: A Strategic Emphasis, 3e* (ISBN 0072835699): This manual contains a host of value-added resources. It includes an extensive set of longer cases pertaining to a variety of important topics. These case scenarios put students in situations that allow them to think strategically and to apply concepts they've learned in the course. Key readings have been chosen to give students more background into the evolution of strategic cost management topics. New cases have been added that incorporate the SAS software used by actual firms to calculate ABC cost information.



Study Guide (ISBN 0072835664): Prepared by Roger Doost (Clemson University), the study guide reviews the highlights of each chapter in *Cost Management: A Strategic Emphasis, 3e* and includes a variety of self-study questions for student review. Every chapter includes short-answer questions organized by learning objective, multiple-choice questions, and thorough exercises. Suggested answers to all questions and exercises are included.

Online Learning Center (OLC): www.mhhe.com/blocher3e The text website includes premium content for students for FREE with the purchase of a new book, including daily and weekly news feeds from the NY Times and PowerWeb. The Student Edition of the *Cost Management: A Strategic Emphasis, 3e* OLC also contains many tools designed to help students study including: Check Figures, Text Updates, Links to Professional Resources, eLearning Sessions, Chapter Overviews, Chapter Objectives, Multiple-Choice Quizzes, Flashcard Key Term Reviews, Internet Exercises, Excel Spreadsheet Exercises (watch for the Excel icon by selected end-of-chapter material), and PowerPoint® Presentations.



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Our Sincerest Thanks . . .

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Ed Blocher

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Gary Cokins

Tom Lin

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