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## Course Information

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**Course Title:** Cost Management Guidebook #361520

**Number of continuing education credit hours recommended for this course:**

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

**CPA:** 17 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX175028

Texas State Board of Accountancy: 009349

### **Course Description:**

The *Cost Management Guidebook* shows how to stay competitive by paring away nonessential costs. It discusses how to examine the cost structure of a business in order to better understand which costs must be incurred and which can be reduced. Hundreds of specific cost reduction tips are covered in all areas of a business, including compensation, sales, production, procurement, and administration. There are extensive discussions of asset reduction techniques, as well as cost management reports and measurements. This course is the essential toolkit for anyone who is serious about managing costs.

### **Program Delivery Method**

NASBA QAS Self-Study (interactive)

### **Subject Codes/Field of Study**

NASBA (CPA): Finance

### **Course Level, Prerequisites, and Advance Preparation Requirements**

Program level: Overview

Prerequisites: None

Advance Preparation: None

## Course Content

Publication/Revision date: 9/22/2020.

Author: Steven M. Bragg, CPA.

Final exam: (online) Eighty-five questions (multiple-choice).

## Instructions for taking this course

**Note: Downloading the PDF of this course will enable Bookmarks for easier navigation (on the left side of the document window, open the bookmarks pane).**

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on the following page, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

## Instructions for Taking the Final Exam Online

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

### Additional Information

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

# Learning Assignment & Objectives

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## Learning Objectives:

- Specify the advantages and dangers of having an active cost management program.
- Identify the various types of costs, and how they are used.
- Cite the applications to which direct costing analysis can be put, as well as any limiting factors.
- State the components and derivation of the cost-volume-profit concept, and how it is used.
- Identify the uses to which target costing can be put, as well as how costs can be altered to meet target costing goals.
- Specify the costs that are associated with cost objects, and the decisions that can arise from cost object analysis.
- Identify the key components of constraint analysis, and how profits can be improved under this type of analysis.
- Cite the tools used to conduct a process analysis.
- State the components of a zero-base budgeting system, and the situations in which zero-base and conditional budgeting can be used.
- Specify the analysis tools to use for different cost reduction strategies.
- Cite the types of cost reduction methods available when reducing compensation costs, and the side effects of using these methods.
- State the methods used to reduce benefit costs, and the side effects of using these methods.
- Identify the techniques available for increasing the effectiveness of sales and marketing activities, and the side effects of using these methods.
- Identify the cost reduction techniques that can be used to reduce the costs of production and maintenance operations, and the side effects of using these methods.
- Cite the key procedural steps and forms needed to maintain a proper system of procurement.
- State the range of methods available for the reduction of costs for accounting, human resources, legal services, and other areas of administration.
- Identify the cost reduction tactics available for managing facilities costs.
- Specify the methods used to reduce finance costs.
- Cite the range of techniques used to reduce the investment in accounts receivable, and the situations in which they are most applicable.
- State the cost reduction concepts used to reduce the level of inventory, and the situations in which they are most applicable.
- Identify the analysis methods used to evaluate prospective investments in fixed assets, as well as alternative forms of payment for these assets.
- Discuss the reasoning behind having a post-implementation review.
- Identify the key reports and report formats needed to support a system of cost management, and the situations in which these reports might be used.
- Cite the most essential measurements used to evaluate the cost structure of a business, and the situations in which these measurements might be used.

## About the Author

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**Steven Bragg, CPA**, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books and courses:

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# Preface

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One of the primary responsibilities of management is to ensure that costs are appropriately managed. This means that costs are focused on the primary needs of a business, and that controls are in place to keep other expenditures from taking place. In the *Cost Management Guidebook*, we explore how these analysis and control requirements can be achieved, while also including several hundred suggestions that are targeted at cost reductions throughout a business.

The *Cost Management Guidebook* gives you the tools to decide which costs are essential and which can be pared away, while also addressing the following topics:

- How can I use direct costing to analyze expenditure decisions?
- How can target costing be used to reduce the cost of a product?
- Why do certain cost objects accumulate more costs than others?
- How can I improve profitability by analyzing constraints?
- What specific strategies can I use to reduce costs?
- How can I put a lid on the costs of compensation and benefits?
- What are the techniques for enhancing the effectiveness of sales and marketing?
- What is the best process flow to reduce the total cost of procurement?
- How can I reduce the cost of company financing arrangements?
- What decision path should I follow when making capital budgeting decisions?
- Which reports and measurements can be used to support a system of cost management?

The *Cost Management Guidebook* is designed for both professional accountants and students, since both can benefit from its detailed approach to overhauling the entire system of corporate cost management. The book also provides enough specific cost reduction tips that you may spend years using them to drive down costs. As such, it may earn a place on your bookshelf as a reference tool for years to come.

Centennial, Colorado  
September 2020