Management Accounting for Decision Making: Costing, Pricing and Decision Analysis

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Technical depth: Practitioner · **Practical mode:** Modelling build

Introduction

Many finance teams produce accurate reports that arrive too late, or at too high a level, to shape the decisions managers actually face. Averaged overheads hide which products, services and customers make money, and single-point forecasts hide the risk in a proposal. This Core Concept course equips management accountants and finance business partners to build cost and decision models that operational and commercial managers trust. Participants work through costing systems, decision techniques and uncertainty analysis on case data, and leave with a Decision Support Pack for a live decision in their own organisation.

Course Objectives

- Apply the Global Management Accounting Principles to position finance as a decision partner to operational and commercial managers
- Build costing models using activity-based, marginal and throughput approaches that reveal the true cost of products, services and customers
- Evaluate short-term decisions such as make-or-buy, pricing, product mix and outsourcing using relevant costing
- Quantify uncertainty in decisions using sensitivity analysis, expected values, decision trees and simulation
- Design divisional performance measures and transfer pricing arrangements that support goal congruence
- Produce a Decision Support Pack with a working model and recommendation memo for a live business decision

Target Audience

- Management accountants and cost controllers who prepare costing and profitability analysis
- Finance business partners supporting operational and commercial managers
- FP&A managers responsible for forecasts, scenarios and decision models
- Commercial and pricing managers who rely on product and customer cost data
- Business unit finance leads accountable for divisional performance reporting

Course Outline

Day 1: The Role of Management Accounting in Decision Support

- CGMA Global Management Accounting Principles, Second Edition
- Finance Business Partnering Model and Decision Rights
- Cost Classification: Direct, Indirect, Fixed, Variable and Committed Costs
- Absorption Versus Marginal Costing and the Profit Reconciliation
- Management Information Maturity Review of Current Reports

Day 2: Costing Systems and Analytical Models

- Activity-Based Costing: Cost Pools, Cost Drivers and Activity Rates
- Throughput Accounting and the Theory of Constraints
- Target Costing and Life-Cycle Costing for New Products and Services
- Standard Costing and the Variance Analysis Framework
- Driver-Based Planning Model Linking Operational and Financial Drivers

Day 3: Decision Analysis in Practice

- Relevant Costing: Incremental, Sunk and Opportunity Costs
- Limiting Factor Analysis and Product Mix Optimisation with Excel Solver
- Make-or-Buy, Outsourcing and Shut-Down Decision Models
- Pricing Decisions: Cost-Plus, Contribution and Value-Based Pricing
- Customer and Channel Profitability Analysis

Day 4: Uncertainty, Performance Measurement and Behavioural Risk

- Sensitivity, Scenario and Expected Value Analysis
- Decision Trees for Multi-Stage Investment Choices
- Monte Carlo Simulation of Key Decision Variables in Excel
- Divisional Performance Measures: ROI, Residual Income and EVA
- Transfer Pricing Between Divisions and Goal Congruence Risks

Day 5: Modelling Build and the Decision Support Pack

- Manufacturing Case: Product Mix Under a Bottleneck Constraint
- Logistics Services Case: Customer Profitability and Repricing
- Decision Model Build for an Own Business Decision
- Decision Support Pack and Recommendation Memo Drafting
- Peer Model Review and Recommendation Defence

Skills You Will Gain

- Cost Modelling
- Activity-Based Costing
- Relevant Cost Analysis
- Constraint Analysis
- Pricing Analysis
- Decision Modelling Under Uncertainty
- Performance Measure Design
- Finance Business Partnering

Why Attend This Course

- Return to work with a Decision Support Pack for a live decision, built on own data and tested in peer review
- Replace averaged overhead allocations with cost models that operational managers trust and act on
- Show decision makers the range of possible outcomes rather than a single-point forecast
- Compare decision support practice with finance professionals from other sectors and countries

Conclusion

Management accounting creates value when it changes a decision, not when it simply reports on one. This course moves from the principles and role of decision support, through costing systems and analytical models, to relevant costing, pricing, uncertainty analysis and the performance measures that shape managers' behaviour. The final day turns that material into a Decision Support Pack that participants take back to their organisation, giving them a tested model and a clear recommendation for a decision their managers are already facing.