



## **ME2097 Strategic management control, 6.0 credits**

### **Intended learning outcomes**

The course gives a broad overview of financial control in industrial enterprises and its relation to the environment in which the company acts. To plan and control the performance of the organisation at different levels, efficient control is required, based on the organisation's value creation strategy and the individual co-worker's behaviour. A central field in the course therefore deals with how to implement a general strategy and use it to control the activities. On completion of the course, the student should be able to:

1. independently calculate, analyse, compare, evaluate critically and justify important financial key indicators, such as performance measures
2. based on scientific studies and proven experience describe and account for the different aspects of the strategic management control
3. with overall view critically, independently and creatively formulate and handle complex issues, analyse, quantitatively and qualitatively evaluate the financial and non-financial situation of an industrial corporation and based on research identify improvement measures
4. with overall view, critically and independently interpret and analyse different types of decentralised organisational units
5. discuss and contrast similarities and differences between different types of responsibility units qualitatively, and evaluate their financial performance
6. give an account of different methods for internal pricing
7. based on scientific studies give an account of and justify different types of performance measures, standards, budgets and rewards,
8. based on scientific studies explain behavioural aspects on management control and the need to adapt the management control to the situation, as well as present and discuss one's conclusions and the knowledge behind these, and propose improvement measures.

### **Course main content**

The course is divided in two parts. During the first part of the course, students will learn to analyse and interpret financial reports. The students will acquire knowledge on analysing and understanding financial consequences of strategic and operational decisions. A distinction is often made between the use of financial reports for planning (forecast function) and for measuring and following up results (feedback function). The students will carry out financial analyses of real companies on the basis of accounting information found in the financial reports (the profit and loss account, the balance sheet and the cash flow analysis). Different categories of key indicators are introduced and used to compare companies, e.g. profitability measures.

The second part of the course focuses on management control. In this part, the students will work based on the analyses that were done during the first part of the course and design control systems to create sustainable profitability. In order for this to happen, the management must ensure that the activities are carried out according to established plans and that strategic goals are achieved. An important control mechanism to achieve this is the organisational structure that consists of different responsibility units in different parts of, and at different levels in the company. Another central field in the second part of the course is the control process. Which measures are used in the company and how well do these measures catch central aspects of the activities? How does one know when a performance is "good", i.e. what is the performance compared with? Which reward systems are used by the company to create a desirable behaviour, and to which indicators are rewards connected?

### Required knowledge

ME1003 Industrial Management basic course (6,0 credits) or similar and 120 higher education credits

### Instruction

The course consists of 12 lectures, with a seminar assignment (1.5 credits) that is performed and presented in a group, scheduled supervising of groups and also a **final written exam** (4.5 credits).

Discussions around the central theories and their concepts and models are made concrete by numerous illustrations and cases during the lectures. The students are trained in applying these concepts and models on actual companies during the group assignment.

### Language

Lectures, examinations, the course material and literature are in English.

### Course leader and examiner

- Göran Nilsson (Course responsible) [goranils@kth.se](mailto:goranils@kth.se)
- Christian Thomann (Examiner) [christian.thomann@indek.kth.se](mailto:christian.thomann@indek.kth.se)

The best way to get in touch with the instructors is to approach them at the lectures. All other communication with the course instructors shall take place via [goranils@kth.se](mailto:goranils@kth.se).

### Course registration

In order to access the course website on Canvas and in order to be able to be examined, the student must be registered for the course. All questions regarding *course registration* and *applications* to be addressed to: [gru@itm.kth.se](mailto:gru@itm.kth.se)

### Seminar assignment (1.5 Credits)

During the course, you will work on a seminar assignment (grade: P/F) as part of a group. Further information regarding the seminar assignment will be provided during the course. You are expected to play an active role in the work on the seminar assignment as well as in the seminar where the project group presents its findings and gives feedback to another group's report and presentation (peer review). The seminar assignment examines intended learning outcomes 2 and 8.

Each project group will consist of 4 students. The group will submit its presentation (As an MS PowerPoint file), project report and peer review report (as an MS Word file) on Canvas by the date specified on the schedule. The project group will also support each other's learning and development over the period of the course. After the seminar, the group will have more time to

write the final version of the project report and submit this on Canvas by the date specified on the schedule. The project report will be assessed and reported in accordance with the schedule. Assignments submitted after the deadline will not be assessed.

In order to encourage students to submit a final report of the highest quality, we offer extra credits on the result of the first ordinary examination as follows:

- |                   |   |   |
|-------------------|---|---|
| - <b>Grade F</b>  | → | The course receives no final grading.                               |
| - <b>Grade Fx</b> | → | can be converted to a “P” grade through a supplementary assignment. |
| - <b>Grade P</b>  | → | No extra credits on the ordinary examination.                       |
| - <b>Grade P+</b> | → | Upgrades grade (E-B) with one step on the ordinary examination.     |

### **Grading criteria for the seminar assignment**

This seminar assignment is graded “**F, Fx, P, and P+**” as above. We will consider the following criteria when we assess your report:

#### **Grade F**

##### *The written report*

The group only deals with a few of the aspects the seminar assignment asks for. The group’s use of different concepts, perspectives and theories shows a consistent lack of understanding of the content of the course. The group describes the results of the seminar assignment in an insufficient manner and makes no effort to analyze or problematize the results. Its own reflections are very limited and/or superficial and there are several examples of misunderstandings and the main thread is lacking in the text. The group makes extremely few or no connections to the course literature and other scientific studies. The report completely lacks reference management in accordance with the instructions provided as well as shortcomings in other formalities.

##### *Peer review*

Both the written peer review report and the oral report fails to give a stimulating and constructive feedback.

##### *The oral presentation*

The performances are lacking in the following points:

- They are not sufficiently prepared.
- The group has had too little public contact.
- The group does not interact (also applies to individual students who have clearly not participated sufficiently in the rest of the group’s work).
- The performances are unstructured.
- The language is not sufficiently clear.
- Aids are used in an inappropriate manner.
- Overall, the performance is not sufficiently convincing.

#### **Grade Fx**

##### *The written report*

The group fails to discuss the elements and aspects asked for in the seminar assignment. The groups uses terms, perspectives and theories in a way that demonstrates a lack of understanding. The group describes the results of the seminar assignment in an unclear and inadequate manner. The student does not sufficiently problematize the results of the seminar assignment. The

group's reflections are too limited and/or too superficial. Little effort is made to reason independently. The groups makes few links to the course literature. The report lacks to some extent recurring reference management in accordance with the instructions provided and also shortcomings in other formalities. There are several examples of misunderstandings. The grade Fx can be converted to a "Pass" grade through a supplementary assignment.

*Peer review*

Both the written peer review report and the oral report contain correct, stimulating and constructive feedback.

*The oral presentation*

The performances are well prepared and delivered with great insight and commitment. The group interacts well. The performances are deliberate and clearly structured and delivered using plain and clear language at a suitable level for the listeners. Aids are managed in a manner that means them complimenting the oral address well. The group succeeds in handling the presentation situation with public contact and questions well, i.e., giving and receiving a response to oral performances. Overall, the performance convinces the listeners.

**Grade P**

*The written report*

The group mainly deals with all the elements and aspects the seminar assignment asks for. The group reports its seminar assignment in a not always plain and clear way but it is nevertheless shown that the group can perform the seminar assignment and use relevant terms, perspectives and theories in a mostly faultless manner, even if there are some misunderstandings. The group analyzes, explains and problematizes the results to some extent, even if the reasoning is somewhat limited. The groups makes some efforts towards independent and varied reasoning. The group links to some extent the results of the seminar assignment as well as its own reflections and reasoning to the course literature in a relevant and scientifically connected manner. The group demonstrates a sufficient linguistic level within the subject of industrial management control and adapts its communication to the purpose and context of the assignment to some extent. The report's wording is acceptable with regard to typography and headings. References occur regularly in the text (in accordance with instructions provided). The reference list and other formalities are worded in an effective manner.

*Peer review*

Both the written peer review report and the oral report contain correct, stimulating and constructive feedback.

*The oral presentation*

The performances are well prepared and delivered with great insight and commitment. The group interacts well. The performances are deliberate and clearly structured and delivered using plain and clear language at a suitable level for the listeners. Aids are managed in a manner that means them complimenting the oral address well. The group succeeds in handling the presentation situation with public contact and questions well, i.e., giving and receiving a response to oral performances. Overall, the performance convinces the listeners.

**Grade Pass<sup>+</sup>**

*The written report*

The group discusses the different elements and aspects the seminar assignment asks for. The group plainly and clearly reports the results of the seminar assignment and uses relevant terms,

perspectives and theories in a faultless manner. In the report, the group analyzes, explains and problematizes the results in a manner that shows a deep understanding of the course content. The group provides many of its own reflections that are consistently clear, relevant, independent, varied and problematizing. The group links the results of the seminar assignment and its own reflections and reasoning to the course literature and other scientific studies in a consistently clear, relevant and scientifically connected manner. The group displays an adequate linguistic level within the subject of industrial management control and largely adapts its communication to the purpose and context of the assignment. The wording of the report is clear and consistent with regard to typography and headings. References occur regularly in the text (in accordance with instructions provided). The reference list and other formalities are worded in a correct manner.

#### *Peer review*

Both the written peer review report and the oral report contain correct, stimulating and constructive feedback.

#### *The oral presentation*

The performances are well prepared and delivered with great insight and commitment. The group interacts well. The performances are deliberate and clearly structured and delivered using plain and clear language at a suitable level for the listeners. Aids are managed in a manner that means them complimenting the oral address well. The group succeeds in handling the presentation situation with public contact and questions well, i.e., giving and receiving a response to oral performances. Overall, the performance convinces the listeners.

### **Examination (4,5 Credits), written exam and grading criteria**

After completing the course, the student will receive a grade in accordance with a scale related to the course's intended learning outcomes. A, B, C, D and E are pass grades. Fx and F are fail grades. The grade Fx can be supplemented to an E grade.

The grading criteria for the course are formulated on the basis of how well the student has achieved all intended learning outcomes. The written exam (LO: 1, 3-7) will cover both parts of the course with **a maximum of 100 credits**. The written exam will take place at 14:00-18.00 the 8/1 2025.

<b>The written examination Max. 100 credits</b>	
<b>Credits</b>	<b>Grade</b>
0 – 44	F
45 – 49	Fx
<b>50 – 59</b>	E
60 – 69	D
70 – 79	C
80 – 89	B
90 – 100	A

The grade “Fx” can be changed to an “E” grade through a supplementary assignment.

In order to obtain grades A-E, a minimum of 50 credits is required without taking into account any bonus. If this requirement is not fulfilled, the grade F or Fx is given and the bonus will

therefore not be taken into consideration. On other words: the bonus can only be used to achieve the higher grades, D, C, B, and A.

The requirements for Passing the course in its entirety are:

- Achieving a “P” grade in the seminar assignment.
- Passing the written examination (grade A-E).

The bonus is only valid for the first examination directly in connection with the course offering you have followed. After that, they are no longer valid.

## **Grading criteria**

### Grade E

The student mainly deals with all the elements and aspects the examination assignments ask for with some confidence. The student reports his or her examination assignments in a not always plain and clear manner but it is nevertheless shown that the student can perform the examination assignments and use relevant terms, models, working methods, perspectives and theories within the subject of industrial management control in a mostly faultless manner, even if there are some misunderstandings. The student analyzes, explains and problematizes to some extent the results in a satisfactory manner, although the reasoning is somewhat limited. The student connects to some extent the results of the examination assignments and also his or her own reflections and reasoning to the course literature in a relevant and scientifically connected manner. The student uses the calculations and other models and methods dealt with in the course in his or her answers to the examination assignments. The student uses subject-related language with a certain amount of confidence and adapts his or her communication to some extent to the purpose and context of the assignment.

### Grade D

Grade “D” meets all the requirements for grade “E” as well as the essential parts of, but not all, requirements for the grade “C”.

### Grade C

The student deals with the various elements and aspects the examination assignments ask for. The student reports relevant results from the examination assignments in a mainly clear manner and uses various relevant terms, models, working methods, perspectives and theories within the subject of industrial management control in a mostly faultless manner. The student analyzes, explains and problematizes the results of the analyses in a way that shows a good understanding of the course content. The student’s own reflections and reasoning are, to a great extent, clear relevant, varied and problematizing. The student links the results of the examination assignments and also his or her own reflections and reasoning to the course literature in a mostly clear, relevant and scientifically connected fashion. The student describes and answers assignments, providing examples (if described in the assignment) with some confidence. The student uses the calculations and other models and methods dealt with in the course in his or her answers to the examination assignments. The student uses subject-related language with a certain amount of assurance and adapts his or her communication to some extent to the purpose and context of the assignment. Credits are deducted for incomplete or otherwise incorrect steps in the solution.

### Grade B

Grade “B” meets all the requirements for grade “E” as well as the essential parts of, but not all,



requirements for the grade “A”.

### Grade A

The student deals with the various elements and aspects the examination assignments ask for. The student plainly and clearly reports the results of the examination assignments and uses relevant terms, models, working methods, perspective and theories within the subject of industrial management control in a faultless manner. In the assignments, the student analyzes, explains and problematizes the results in a manner that shows a deep understanding of the course content. The student provides many reflections that are consistently clear, relevant, independent, varied and problematizing. The student links the results of the examination assignments as well as his or her own reflections and reasoning to the course literature in a consistently clear, relevant and scientifically connected manner. The student describes and answers assignments, providing examples (if described in the assignment) and generalizing (if stated in the assignment) with confidence. The student uses subject-related language with confidence and largely adapts his or her communication to the purpose and context of the assignment. Credits are deducted for incomplete or otherwise incorrect steps in the solution.

### **Registration for examinations, re-examination and “grade improvement”**

Exam: 14.00-18.00, 2025-01-08

Registration period: 2024-11-28 – 2024-12-12

Re-exam: 14.00-18.00, 2025-04-22 (**Preliminary!**)

Registration period: 2025-03-20 – 2025-04-03

Registration for the exam is compulsory. Without a registration, the exam can only be written if there is room for the student.

Grade improvement is permitted for KTH-students. Compulsory registration through email to [gru@itm.kth.se](mailto:gru@itm.kth.se) during the regular registration period.

### **Registration of grades**

The results will be reported to Ladok within **15** working days of the examination.

### **Pedagogic support**

Those who are entitled to pedagogic support or adapted examinations are asked to contact FUNKA at KTH Royal Institute of Technology: [funka@kth.se](mailto:funka@kth.se). Only FUNKA students are eligible to extended time for the exam.

### **Reviewing of grades**

Reconsideration/correction of grades may only be requested by completing and submitting the form “[Request for review of grade](#)”.

### **FX-assignment**

If you have been received grade “Fx”, you can submit an Fx-assignment on Canvas. Instructions for the assignment will be posted on Canvas. The date for submission is shown in the schedule.

If the supplementary assignment is well done, you will receive grade “E” and, if not, grade “F”. Assignments submitted after their deadline will not be assessed.

### **Course evaluation**

At the end of the course, the opportunity will be provided to evaluate the course by means of a *Learning Experience Questionnaire* (LEQ).

### Avoid plagiarism

The course is based on a group-based seminar assignment and a take-home exam. In both cases, plagiarism is not permitted. Information on plagiarism can be found at “CHEATING AND PLAGIARISM” on KTH’s webpage. ***IMPORTANT! Self-plagiarism is not permitted either.*** See also the document “Handbook – Guiding students a way from plagiarism” on Canvas.

### INDEK office

The INDEK office is located in Sing Sing, Lindstedtsvägen 30. The office is usually open on all weekdays between 9.00 am and 15.00 pm.

### Schedule

See separate document!

### Course website

All course information is available on the course website at Canvas (see: <https://kth.instructure.com>). This is also where the course seminar assignment is submitted. A course evaluation is also carried out here at the end of the course. Contact [it-support@kth.se](mailto:it-support@kth.se) if you cannot access the course website on Canvas despite having registered for the course.

### Course material

The course compendium (Kierkegaard & Nilsson) and text book (Hartmann et al) will be examined in the written exam, except chapters 7 and 11 in the book. The course compendium will be available at the course website. The articles will be examined in the seminar assignment and are thus not included in the exam.

#### Course compendium

Kierkegaard, M & Nilsson, G (2024). Financial reports and key ratios.

#### Text book:

Hartmann, F. G., Kraus, K., Nilsson, G., Anthony, R., Govindarajan, V. (2020). *Management control systems*: Second edition. ISBN: 9781526848314, McGraw-Hill Education. **(Can be purchased at KTH Student Union Bookshop)**

#### Articles:

Ferreira, A., & Otley, D. (2009). The design and use of performance management systems: An extended framework for analysis. *Management accounting research*, 20(4), 263-282. **(Search via Google Scholar)**

Otley, D. (1999). Performance management: a framework for management control systems research. *Management accounting research*, 10(4), 363-382. **(Search via Google Scholar)**

Simons, Robert. "Strategy Execution **Module 11**: Using Diagnostic and Interactive Control Systems." Harvard Business School Module Note 117-111, August 2016. (Revised December 2016.) **(Can be purchased for half the ordinary price via <https://hbsp.harvard.edu/import/1199828>)**

Simons, Robert. "Strategy Execution **Module 14**: Managing Strategic Risk." Harvard Business School Module Note 117-114, August 2016. (Revised December 2016.) **(Can be purchased**



for half the ordinary price via <https://hbsp.harvard.edu/import/1199828>)

Simons, Robert. "Strategy Execution **Module 15**: Using the Levers of Control to implement Strategy." Harvard Business School Module Note 117-115, August 2016. (Revised December 2016.) **(Can be purchased for half the ordinary price via <https://hbsp.harvard.edu/import/1199828>)**

*Further course material* in the form of, among other things, lecture handouts will be available on the course website on Canvas.

#### Reference literature

Chenhall, R. H. (2003). Management control systems design within its organizational context: findings from contingency-based research and directions for the future. *Accounting, organizations and society*, 28(2-3), 127-168.

Johansson, S-E, Runsten, M., (2017). The Company's profitability, financing and growth: targets, connections and measurement methods, [Företagets lönsamhet, finansiering och tillväxt: mål, samband och mätmetoder], Studentlitteratur

Kaplan, R. S., & Norton, D. P. (1996). Using the balanced scorecard as a strategic management system.

Simons, R., (1994). Levers of Control: How Managers Use Innovative Control Systems to Drive Strategic Renewal

**“Please note that all reports will be checked for plagiarism”**

**“Self-plagiarism is also plagiarism”**