

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY  
SAULT STE. MARIE, ON

COURSE OUTLINE

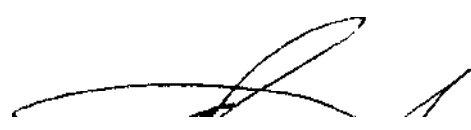
COURSE TITLE: COST CONTROL AND MARKETING

CODE NO.: PPE 315-3 SEMESTER: 5

PROGRAM: PULP & PAPER ENGINEERING TECHNOLOGY

AUTHOR: J. BETHUNE

DATE: NOVEMBER 1996 PREVIOUS OUTLINE DATED: NONE



APPROVED BY \_\_\_\_\_ DATE \_\_\_\_\_

TOTAL CREDITS 48

PREREQUISITE(S): NONE

I. PHILOSOPHY/GOALS:

This course is designed to prepare the student for supervisory and management positions. The importance of formally studying cost control methods and strategies along with efficiency evaluations can be viewed in light of current industry issues. The marketing system and basic marketing as it is practised internationally by individual firms are discussed.

II. STUDENT PERFORMANCE OBJECTIVES (OUTCOMES):

Upon successful completion of this course the student will:

- 1) Define budgeting and explain the difference between planning and control.
- 2) List the advantages of budgeting.
- 3) Plan and prepare a personal monthly budget.
- 4) Control a monthly budget and report the results.
- 5) Define Fixed, Variable and Mixed Costs and Profit.
- 6) Construct and interpret a Linear Break-Even Chart, and demonstrate understanding of Step Variable Costs and Curvilinear Variable Costs.
- 7) Demonstrate an understanding of the difference between Controllable and Noncontrollable Costs.
- 8) Demonstrate an understanding of the difference between Direct and Indirect Costs.
- 9) Demonstrate an understanding of the difference between Capital and Expense Money.
- 10) Explain the importance of economizing and cost reduction in a mill's production setting as it relates to machinery, materials and manpower.
- 11) Prepare a Cause and Effect (fishbone) diagram.
- 12) Calculate paper machine production rates and operating efficiencies
- 13) List and describe factors affecting machine efficiency.

- 14) Describe concepts used in lost time analysis.
- 15) Demonstrate an understanding of the concepts of macroeconomics as they relate to the Canadian scene.
- 16) Demonstrate an understanding of the concepts of microeconomics as they relate specifically to firms in the Pulp and Paper industry.
- 17) Recognize perfect competition, monopolies and combinations of both; and decide if they depict the Canadian and world marketing system for pulp and paper.
- 18) Demonstrate an understanding of basic marketing principles as they apply to any product or service and to any organization; but most specifically to pulp and paper.

### III. TOPICS TO BE COVERED:

- 1) Profit planing - Cost control - Budgets
- 2) Break even analysis
- 3) Production economy
- 4) Economics of paper machine operation
- 5) Macroeconomics
- 6) Microeconomics
- 7) The marketing system
- 8) Government and the economy
- 9) Basic marketing (the individual firm)
- 10) Factors affecting the economics of the Canadian Pulp and Paper Industry

#### IV. LEARNING ACTIVITIES/REQUIRED RESOURCES

Topic/Unit - Profit Planning - Cost Control - Budgets

Learning Activities:

- Define budgeting
- Discuss the difference between planning and control
- Discuss the advantages of budgeting
- Discuss personal budgets
- Discuss the operating "budget and master budgets
- Learn how to construct a budget
- Discuss tips on controlling costs
- Learn how to set up a permanent cost reduction program
- Learn where to look for cost reduction opportunities

Resources:

Class notes, class handouts

Topic/Unit: Break Even Analysis

Learning Activities:

- Constructing and interpreting linear, step variable and curvilinear cost control charts
- Discuss fixed costs, variable costs, direct and indirect costs, controllable and uncontrollable costs and period and product costs
- Discuss the concepts of break even and profit, performing analyses and comparisons

Resources:

Class notes and handouts

Topic/Unit: Microeconomics

Learning Activities:

- Recognizing consumer choice and individual demands
- Understanding market demands and elasticity
- Discussing the law of diminishing returns
- Understanding price decisions and margin analysis

Resources:

Class notes and handouts

Topic/Unit: The Marketing System

Learning Activities:

- Recognizing the concept of perfect competition
- Understanding the price system and "laissez faire"
- Recognizing the effect of monopolies
- Comparing competition and monopolies

Resources:

Class notes and handouts

Topic/Unit: Government and the Economy

Learning Activities:

- Understanding how regulations limit marketing power
- Understanding competition policies
- Understanding farm policy
- Understanding the effects of the tax system
- Understanding how environmental protection and resource conservation can limit marketing power

Resources:

Class notes and handouts

Topic/Unit: Capital Budgeting

Learning Activities:

- Calculating payback period, rate of return and net present value
- Deciding whether to replace plant assets
- Deciding whether it is profitable to accept additional business
- Deciding whether to process further or sell as is
- Deciding whether to reprocess, sell or scrap cell

Resources:

Class notes and handouts

Topic/Unit: Basic Marketing (The Individual Firm)

Learning Activities:

- Discussing product as it relates to pulp and paper marketing
- Discussing price as it relates to pulp and paper marketing
- Discussing promotion and distribution as they relate to pulp and paper marketing
- understanding market segmentation and its necessity

Resources:

Class notes and handouts

Topic/Unit: Factors Affecting the Economy of the Pulp & Paper Industry

Learning Activities:

- Discussing the industry in economic terms
- Discussing the effects of foreign competition
- Discussing the demands for product from our Canadian mills
- Discussing environmental pressures and economic consequences

V. EVALUATION METHODS: (INCLUDES ASSIGNMENTS, ATTENDANCE REQUIREMENTS, ETC.)

Assignments	25%
Tests	75%
<b>Total</b>	<b>100%</b>

Assignment due dates will be clearly indicated when assignments are give out and penalties will apply for late submissions. Assignments will be due at noon on the date specified, regardless of class schedule.

After the specified due date and time, the penalty imposed will be a 10% reduction in value per college scheduled class day or portion thereof. After 10 late days, the assignment is technically worth zero, however, it is strongly recommended that it still be submitted.

The final grade will be awarded on a percentage basis as follows:

A+ 90-100%; A 80-90%; B 70-80%; C 60-70%; R less than 60%

Students having a final standing of "R" and who have a course average of at least 55% may be permitted to write a supplementary exam provided they have submitted all assignments.

VII. REQUIRED STUDENT RESOURCES

There is NO required text.

VIII. ADDITIONAL RESOURCE MATERIALS AVAILABLE IN THE COLLEGE LIBRARY:

Economics: Principles and Policy. W.J. Baumol, A.S. Blinder, W.M. Scarth; Harcourt, Brace, Johanovich

Basic Marketing: A Managing Approach. McCarthy; Derome

Basic Marketing. E.J. McCarthy, S.J. Shapiro, Richard D. Irwin

Economics of the Firm: Theory and Practice. A.A. Thompson Jr.; Prentice-Hall Inc.

Engineering Economics. Second US Edition, Riggs, Rentz, Kahl, West

Handbook for Pulp and Paper Technologists. G.A. Smook; Joint Textbook Committee of the Paper Industry

IX. SPECIAL NOTES

Students with special needs (eg. physical limitations, visual impairments, hearing impairments, learning disabilities) are encouraged to discuss required accommodations confidentially with the instructor.

Your instructor reserves the right to modify the course as he/she deems necessary to meet the needs of students.