

# THE USE OF COST MANAGEMENT TECHNIQUES AS A STRATEGIC WEAPON IN SME'S

Markéta Špičková

**Abstract:** *In this paper, it will review the Strategic Management Accounting concepts focusing on the selected strategic cost calculation in the small and medium sized companies. It will describe different views of costs and classify of basic characteristic of Strategic Cost Calculation. There will be also comparison of strengths & weakness of the strategic cost management methods. The purpose of this paper will discuss the advantages and disadvantages of the Strategic Cost Management Techniques and also how these strategic techniques could help manage SME's. The attention is focus on the Activity Based Costing, the Life Cycle Costing and the Target Costing. No doubt that these three tools can bring a success in management of the competitive strategy, but currently this topic needs more next qualitative researches. Some author's ideas for next survey are mentioned in this paper.*

**Keywords:** *Strategic Cost Management, Strategic Management Accounting, Activity Based Costing, Target Costing, Life Cycle Costing.*

**JEL Classification:** *D24, M41.*

## Introduction

Today's companies are having a myriad of strategic cost management tools (SCM) to choose from according to their needs. The traditional management accounting was transformed to strategic management accounting (SMA) which supports the strategic approaches. Several SMA techniques appear to be used in Czech companies as they are in other countries investigated in different studies. For example Cinquini and Tenucci [8] describe that Customer accounting, competitive position monitoring, competitor performance appraisal based on published financial statement and quality costing represent the most widely used SMA techniques in their sample. SCM-oriented surveys and case studies have trend to focus on the connection between particular elements of the Cost Management Systems (CMS) and the specific strategy adopted by the firms under a contingency theory approach. The current issues of Czech companies (SME's) are described in this paper.

Based on the results of the research [41] examined the impediments to selling goods and services, as reported by European business owners, as well as their judgments about their profitability, and their plans for the future. The results of Robinson's survey show that "competition and lack of demand were the two most common reported impediments to sales, a significant proportion of people experienced difficult in pricing and struggled with a lack of marketing skills"[25]. For instance U. S. manufacturers have a lot of experience with using an integrated cost management approach who is help to achieve strategic advantage. The U. S. study [17] says: "however many organizations are implementing these techniques concurrently as they move toward a more robust and responsive approach to strategic cost and resource management."

The paper aims to familiarize readers with the existence and potential use of Strategic Cost Management Techniques, the benefits that costing brings and the difficulties associated with costing, and where costing can be used in practice.

## **1 Literature Review**

### **1.1 Strategic management accounting and his cost management techniques**

Strategic management accounting focuses on the costs and prices which are significant factors of competitiveness and also have an important effect on company performance. “By evaluating their performance on each of these (strategic, operational, financial) levels, organizations can better understand the impacts of strategy, customer and supplier behavior, and internal process performance on their effectiveness and profitability”[17]. Contemporary enterprises and their business environment is characterized by discontinuities, surprise, global threats (e.g. the global economic crisis), technological changes, shorter life cycles of products and services, ecological challenges [14], prices are now determined by the market [29]. In the current competitive business environment, markets determine prices. Thus firms need a competitive pricing strategy for their survival. Ideally prices should always recover the costs but sometimes the situation is opposite, in which case the price does not recover the costs because prices are determined by the market.

It has been long-established that traditional costing systems are inadequate and therefore managerial accounting has been transformed to include strategic elements and consequently it helps managers to strategically manage their business. Today, costs need to be controlled in terms of long-term development because the short to medium-term view which has been applied to date has ceased to be sufficient. What has caused the previous traditional management accounting systems failed? With the advent of new technologies, products are no longer burdened by direct labor as they did before, and the share of overhead costs on a product has changed to a completely opposite position [14]. Previously, direct labour and other direct costs accounted for a large part of product costs while overhead costs accounted for a small component as compared to the current situation. Today, a major share of the product is represented by overhead costs, and direct costs no longer constitute the dominant position as before.

Currently, cost management activities are based upon one or more views of cost which have distinct levels of detail and different purposes as well, as the shown in the following table.

**Tab. 1: Different Views of Cost**

| <b>View of Cost</b>           | <b>Strategic</b>  | <b>Operational</b>   | <b>Financial</b>   |
|-------------------------------|---|--|--|
| <b>Users of Information</b>   | <ul style="list-style-type: none"> <li>• Business/strategic planners</li> <li>• Sourcing Gross</li> <li>• Capital budgeting</li> <li>• Cost engineers</li> </ul>  | <ul style="list-style-type: none"> <li>• Front-line managers</li> <li>• Process improvement teams</li> <li>• Quality teams</li> </ul>  | <ul style="list-style-type: none"> <li>• Financial controllers</li> <li>• Tax managers</li> <li>• Treasury</li> <li>• Tax authorities</li> </ul>                                       |
| <b>Uses tools/ techniques</b> | <ul style="list-style-type: none"> <li>• Activity-based product costing</li> <li>• Target Costing</li> <li>• Make or buy analysis</li> <li>• Investment justifications</li> <li>• Life cycle costing</li> </ul> | <ul style="list-style-type: none"> <li>• Key Performance Indicators</li> <li>• Value/non-value added identifiers</li> <li>• Manage daily Activity</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Shareholder reporting</li> <li>• Inventory valuation</li> <li>• Preparation of tax reports</li> <li>• Lenders monitoring condition</li> </ul> |
| <b>Level of Aggregation</b>   | <ul style="list-style-type: none"> <li>• Product line aggregation</li> <li>• Information detail based on type of decision</li> </ul>  | <ul style="list-style-type: none"> <li>• Very detailed</li> <li>• Work unit level</li> </ul>   | <ul style="list-style-type: none"> <li>• High</li> <li>• Often company wide data</li> <li>• May be on legal</li> </ul>   |
| <b>Reporting Frequency</b>    | <ul style="list-style-type: none"> <li>• Ad hoc, as needed</li> <li>• Usually a special study</li> </ul>  | <ul style="list-style-type: none"> <li>• Immediate</li> <li>• Possibly hourly or Daily</li> </ul>  | <ul style="list-style-type: none"> <li>• Periodic, usually monthly</li> <li>• Probably quarterly or annually if other needs were met</li> </ul>  |
| <b>Type of Measures</b>       | <ul style="list-style-type: none"> <li>• Combination of physical and financial</li> </ul>   | <ul style="list-style-type: none"> <li>• Mostly physical</li> </ul>  | <ul style="list-style-type: none"> <li>• Mostly financial</li> </ul>   |
| <b>Usage of Capacity</b>      | <ul style="list-style-type: none"> <li>• Define of capacity Resources</li> <li>• Idle/Unequal capacity</li> <li>• Changes of capacity</li> <li>• Theoretical capacity</li> </ul>                                | <ul style="list-style-type: none"> <li>• Practical capacity</li> <li>• Sometimes optimal capacity</li> <li>• Idle/Unequal capacity</li> <li>• Changes in practical/optimal capacity</li> </ul> | <ul style="list-style-type: none"> <li>• Real installed capacities</li> </ul>  |
| <b>Time Focus</b>             | <ul style="list-style-type: none"> <li>• Future</li> </ul>  | <ul style="list-style-type: none"> <li>• Current</li> </ul>  | <ul style="list-style-type: none"> <li>• Historical</li> </ul>   |

*Adjusted by source: [17]*

The next author's surveys will focus on the research questions which was drawn based on the literature review mentioned in this paper. The attention will focus on "relative" new Strategic Cost Management Techniques which could be used in the Czech SME's. Some case studies [17], [23], also have focused on the implementation and usage of Strategic Management Accounting (SMA) techniques in world companies. Based on the extensive literature review were formulated the following research questions: 1. Does SMA techniques usage different with regard to the size and type of enterprises? 2. Do SCM

techniques help to achieve competitive advantage? 3. Do SCM techniques help in making good pricing decisions? 4. Do SCM techniques help to achieve higher profitability?

The purpose of this paper will discuss the advantages and disadvantages of the Strategic Cost Management Techniques and also how these strategic techniques could help manage SME's.

It is an assumption that usage of SCM techniques isn't so frequent in present companies. Based on the few previous surveys [8]; [17]; [6] were registered these results who show that "Lower usage scores are registered for most of the costing techniques, except for quality costing, with the lowest position covered by life cycle costing". The usage of SCM techniques will be researched using local surveys of Czech SME's. In comparing the previous similar survey [20] of the Czech medium and large enterprises with present, can be assumed that the most Czech SME's aren't using the mentioned cost management techniques with the strategic components. The following table describes some strategic cost management tools which were mention in Table 1.

**Tab. 2: Description of Strategic Cost Calculation**

| SCC                           | Basic characteristic  |
|-------------------------------|---|
| <b>Activity Based Costing</b> | The technique has been developed by Cooper and Kaplan around 1980' in USA. It is based on the definition of the activities performed by the company; there are considered the ultimate causes of indirect costs. The individual activities can be measured by the cost drivers. ABC strategic focus consists in supporting the management of the activities through which it is possible to define actions aiming at achieving a competitive advantage. This ABC calculation is mostly used by US companies and the top companies in Europe.  |
| <i>Sources:</i>               | [8]; [17]; [39]; [14]; [33]   |
| <b>Life Cycle Costing</b>     | First studies about the Life Cycle Costing were published around 1989'. It aims at calculating the total cost of a product throughout its life cycle (from the design to the decline, through introduction, growth and maturity). The calculation of LCC and strategic price-setting apply to the entire product life cycle. It's clear long-term accounting perspective and market orientation make it part of the group as SMA techniques. In a similar vein, total cost of ownership has been underlined as a long-term and strategic orientation SMA tool. Enterprises that want to record their environmental costs can use the concept of LCC which is also beneficial in this area of cost management. |
| <i>Sources:</i>               | [3]; [5]; [17]; [20]; [14]; [24]  |
| <b>Target Costing</b>         | "Target costing is not a new development, it's use has been documented since at least the mid-sixties"[38]. Target cost results from the difference between the product price, derived from how much the market is willing to pay, and a desired target profit. Through an accurate product design, the costs must be contained to achieve the target cost External market factors intervene frequently in this SMA technique. Target costing is especially beneficial for firms that have to ration the number of products they produce.   |
| <i>Sources:</i>               | [7]; [14]; [17]; [38]   |

*Source: It is written based on the literature review.*

Based on the features of these SCM tools, it could be said that all these techniques are crucial to the achievement of company competitiveness and profitability. "The newer approach to strategy from the aspect of costs and achieving business success is that it represents a unique and sustainable way in which the company creates value" [14]. What opportunities for creating value do present enterprises have? For instance team of authors [14] agree that currently opportunities are moving from material resource management to management in the sphere of strategies based on knowledge, which affirm intangible resources. This is a major reason for the need for the development of new "tools", which in the 21st century denotes assets based on knowledge and strategies of creating value, whose realization they make possible. The necessary premise is that those make decision in production and service organizations can effectively implement company strategy, as well as price strategy only, when they understand them completely. And it isn't possible without a clear understanding of the ways and steps which they may contribute to business

success [8]; [17]. For usage these strategic cost management tools are necessary for the complete analysis of enterprise's environment.

## **1.2 SME's definition and statistical information about them**

There are SME's in virtually all modern economies. SME's have an important role in certain economies and markets. The some statistics mention that SME's represent 90% - 99% of the all enterprises in a state [25]. Currently, Czech SME's are followed by a basic uniform definition of the European Union.

The European SME's Definition is rather complex. It defines "SME's as an enterprise that employ less than 250 persons and has an annual turnover not exceeding 50 million Euros and/or the assets of balance sheet doesn't exceed 43 million Euros" [29]. The SME User Guide [41] mentions that there are three levels of SME's. The first level is typically an enterprise with less than 10 employees and assets or annual turnover of less than or equal to 2 million Euro. This level is called The Smallest Business. In the second level the enterprises has to have less than 50 employees and the assets or annual turnover should not exceed 10 million Euros. This level is called Small Business. In the third level the enterprises have less than 250 employees but more than 50 employees and their assets do not exceed 43 million Euros or their annual turnovers do not exceed 50 million Euros. This level is called Medium-sized Business.

For a more detailed understanding of Czech SME's, please see on website of the Ministry of Industry and Trade (MPO) [39]. Because the research questions are focused on Czech SME's the information from the website MPO will help the reader better understand the basic attributes of Czech SME's. There was 1 066 787 SME's of 31st December, 2011 in the Czech Republic. This number can be divided into 814 897 SME's which are an individual persons and 251 890 SME's which are a corporate entities. The quotient of SME's from all enterprises was 99,84% in the Czech Republic. The quotient of SME's added value was 54,43% in last year. The number of SME's declined year-over-year by about 25 598 enterprises. This represents the main reason why the research is focused on SME's. Accordingly, their strategic cost management is of particular importance, which is also the topic of this paper.

China's study [14] states that: "Strategic management ideas are significant in enterprises financial management since we must make efforts to analyze and grasp the general environment and development tendency of an enterprise and therefore to improve the adaptability, changeability and applicability of financial management to uncertain environment."

Currently, quite a lot of small and medium enterprises don't have realized the importance of strategic environment for the establishment and implementation of financial strategies and accordingly failed to have proper analysis on their strategic financial environment especially its internal environment.

China's study [14] mentions that at present, most small and medium enterprises have no systematic and complete budget system made up of sales budget, production cost budget, general indirect cost budget, loss and expense budget and cash budget and so on. "Even if some have such a system, its shortage of careful budgeting and strict implementation also lessens the role of budgeting as well as the implementation of financial strategies" [14]. Mentioned situation is similar as in Czech SME's.

## 2 Comparison of Strategic Cost Management Techniques

Based on different characteristics and published case studies, each cost calculation has its benefits and limitations in the aspects of management accounting. The most significant are clearly summarized in the following table.

**Tab. 3: Strengths and Weakness of Strategic Cost Calculations 1/2**

| SCC                           | Strengths  | Weakness   |
|-------------------------------|--|--|
| <b>Activity Based Costing</b> | <ul style="list-style-type: none"> <li>• an appreciation for the potential benefits of an ABC system may suggest to the marketing manager that a change to an ABC system will be desirable. In this case, the marketing function can join with other users who may benefit from ABC cost data to push for a change;</li> <li>• ABC/M is suitable for service organizations, while traditional costing is irrelevant for them which diminished the endless disputes between the marketing and production departments;</li> </ul>  | <ul style="list-style-type: none"> <li>• some overhead absorption costs and old projects are uneasy to allocate;</li> <li>• the cost of a sales representative's engaging in nonstandard selling activities is often excluded from his or her performance review;</li> <li>• ABC is based on subjective arbitrary cost allocations;</li> <li>• when the production volumes change, ABC cannot predict profits, therefore it is not adequate for decision-making;</li> </ul>                        |
| Sources:                      | [7]; [14]  | [7]; [14]; [33]  |
| <b>Life Cycle Costing</b>     | <ul style="list-style-type: none"> <li>• LCC analyses are able to systematically take into account the cost aspect in design decision making and also to find out the factors that had the largest effect on the total life cycle cost;</li> <li>• an established customer base provide justification for "spend to save" decisions;</li> <li>• enable decisions to be better informed and enable a program or process to be monitored more effectively;</li> <li>• when selling a product or service based on the lowest life-cycle cost, it's important that all the benefits are presented clearly so the customer can make a fully informed decision;</li> </ul> | <ul style="list-style-type: none"> <li>• achieve feedback occur for the benefit of everyone both inside and outside the organization;</li> <li>• if LCC reveals any negative effects or development in most cases it is not possible to prevent these phenomena or to eliminate or otherwise control them;</li> <li>• costing allocates the full cost of the product and it takes all the constraints imposed by the concept of absorption calculations at the level of the full costs;</li> </ul> |
| Sources:                      | [14]; [23]; [25]; [20]   | [38]; [44]   |

*Source: It is written based on the literature review*

**Tab. 3: Strengths and Weakness of Strategic Cost Calculations 2/2**

| SCC            | Strengths  | Weakness   |
|----------------|--|--|
| Target Costing | <ul style="list-style-type: none"> <li>• there is strong support in the literature for a positive relationship between the intensity of competition and benefits and adoption of TC;</li> <li>• intense competition creates a need for TC;</li> <li>• TC increases the probability that the new products launched will be inside their survival zones because the competitive pressure faced by the firm is passed on to designers and suppliers in the TC process;</li> </ul> | <ul style="list-style-type: none"> <li>• static character of TC calculation;</li> <li>• when will decrease so much the enterprise costs as a result of TC;</li> <li>• imprecise or incorrect estimate of future costs as well as the estimate of research &amp; develop costs, that can bring the limitation of usage TC calculation;</li> <li>• real estimate of future costs and pricing is very complicated process;</li> </ul> |
| Sources:       | [1]; [4]; [13]; [17]; [20]   | [33]; [38]   |

*Source: It is written based on the literature review.*

From this comparison it follows that the Strategic Cost Management brings mostly benefits to organizations. Based on the analysis, it is apparent that most SMEs can benefit Strategic Cost Management Techniques. In the next section, I will discuss how SMEs can use SCM tools in practice.

### 3 Discussion

The concept of Activity Based Costing it is intended to support strategic decisions and to focus management’s attention on resource consumption. This concept can be used by companies that produce many pieces of the different products that share overhead costs [8]; [14].

Life Cycle Costing is used to manage profitability of products over their entire life cycle; that is, from the early stages of idea generation, R&D and introduction, through the middle stages of growth and maturity to the late stage of decline. This approach is mostly used in companies with extensive research and development and also technical preparation of production or It can be used by companies that focus on environmental management accounting [44]; [33]; [38].

Target Costing is intended to manage enterprises that focus their attention on the price customers are willing to pay, and use that as a basis to produce a product at a cost that yields some desired profit. e.g. Popesko [33] finds it used in competitive industries where prices are more likely to be determined by market conditions. For instance, as [17] puts it, “Target costing is a management method that allows firms to provide customers with products that they want, when they want them, at a price they can afford, and still earn adequate financial returns. Target costing is strategic in nature and, if done properly, it creates a culture of excellence in an organization that provides continuing strategic advantage. It is more than a narrow focus on improving operating efficiencies or meeting cost budgets.” [17]

Researchers agree on the fact that is necessary that enterprises know and understand their activities and the associated costs and result. It means the activities that are performed by suppliers and customers and the impact on product and service effectiveness and profitability. Freeman [17] describes ways to use several SCM tools in large companies.

Freeman's results show that the usage of SCM tools have positive influence on the increased profitability and supports long-term profitability as well as related strategic decisions.

This discussion confirms the increased relevance of SCM and also the need of more research in this area. More research of SCM tools that focus on qualitative research techniques is needed as this would allow for more nuanced interpretation of the relative effectiveness of diverse SCM techniques. So far, researchers employing surveys have found SCM tools have a positive effect on contemporary enterprises.

## **Conclusion**

In this paper, I have reviewed the Strategic Management Accounting concepts focusing on the most significant strategic cost calculation. I have described different views of costs in Table 1 and classified basic characteristic of Strategic Cost Calculation in Table 2. There is also comparison of strengths & weakness of the strategic cost management methods. The selected studies show that several strategic cost management tools applications can be integrated in the enterprise's cost management and pricing decisions.

Most of the research presented in this paper, have focused on such issues as what SCM techniques are used by what kinds of firms, but not necessarily how [e.g. 5]. To help answer the question of "how" SCM techniques are used, a survey and qualitative research approach can help better capture how the techniques are being used.

For instance Zongsheng's study [39] mentions: "Due to their different characteristics, small and medium-sized enterprises have to establish their own financial management strategies instead of copying those of the large enterprises." For example, surveys can be used to investigate the extent to which, and how Czech SMEs use SCM techniques.

No firm uses a fully integrated system of strategic cost management that incorporates all of these approaches. However many large enterprises are using several of these techniques concurrently. The techniques discussed are helping these companies move toward a more robust and responsive approach to strategic cost and resource management.

## **References**

- [1] ANSARI, S., BELL, J. E., 1997. Target Costing—The Next Frontier in Strategic Cost Management. Irwin, Chicago, IL.
- [2] ASHWORTH, A. Life-Cycle Costing: A Practice Tool?. Cost Engineering: Accounting & Tax. 1989.
- [3] AX, Chetal. The impact of competition and uncertainty on the adoption of target costing. Int. J. Production Economics. 2008, No. 115, p. 92-103.
- [4] BEAMON, B. M. Measuring supply chain performance. International Journal of Operations & Production Management. 1999, Vol. 19, No. 3, p. 275-292.
- [5] BERLINER, C. and BRIMSON, J. (1988), Cost Management for Today's Advanced Manufacturing, Harvard Business School Press, Boston, MA.
- [6] CADEZ, S., GUILDING, C. Benchmarking the incidence of strategic management accounting in Slovenia. In Journal of Accounting & Organizational Change, 2007: Vol. 3 No. 2, pp. 126-46.

- [7] CARLBERG, B., 1975. *The Economics of Business Decisions*, New York, Penguin.
- [8] CINQUINI, L.; TENUCCI A. Strategic management accounting and business strategy: a loose coupling? *Journal of Accounting & Organizational Change*. 2010, Vol. 6, No. 2, p. 228-259. ISSN 1832-5912.
- [9] COOPER, R., KAPLAN, R. S. Measure Costs Right: Make the Right Decisions. In *Harvard Business Review*, 1988, p. 96-103. ISSN 0017-8012.
- [10] COOPER, R., Kaplan, R.S., Maisel, R.S., Morrissey, E. and Oehm, R.M. (1992),
- [11] *Implementing Activity-based Cost Management – Moving From Analysis to Action*, Ima, New York, NY.
- [12] DICKINSON, V and J. CLERE. Problems evaluating sales representative performance? Try activity-based costing. *Industrial Marketing Management: the International Journal of Marketing for Industrial and High-Tech Firms*. New York: Elsevier Inc., 2003, č. 32, p. 301-307. ISSN 0019-8501.
- [13] DEKKER, H., SMIDT, P., 2003. A survey on the adoption of use of target costing in Dutch firms. *International Journal of Production Economics* 84, 293–305.
- [14] DOYLE, D. P. (2006), *Strategické řízení nákladů: Cost Control, a strategic guide*. Jaroslav Wagner, Ondřej Matyáš, Michal Menšík. 1. Czech edition. Prague: ASPI. 228 p. ISBN 80-7357-189-7.
- [15] ELLRAM, L. M., 2002. Supply management's involvement in the target costing process. *European Journal of Purchasing & Supply Management* 8, 235–244.
- [16] ELLRAM, L. M. and SIFERD, S.P. (1998), "Total cost of ownership: a key concept in strategic cost management decisions", *Journal of Business Logistics*, Vol. 19 No. 1, pp. 55-84.
- [17] FREEMAN, T. Transforming Cost Management into a Strategic Weapon. *Journal of Cost Management* [online]. 1998, Vol. 12, No. 6, p. 13-26 [cit. 2012-09 27]. Available from WWW:  
<<http://www.abmsystems.com/services/CAMI%20Article%20on%20ABC.pdf>>
- [18] GERI, N a B RONEN. Relevance lost: the rise and fall of activity-based costing. *Human systems management*. 2005, p. 133-144. ISSN 0167-2533.
- [19] GUILDING, C., et al. "An international comparison of strategic management accounting practices". In *Management Accounting Research*, 2000: Vol. 11 No. 1, pp. 113-135.
- [20] HIBBETS, A. R., ALBRIGHT, T., Funk, W., 2003. The competitive environment and strategy of target costing implementers: Evidence from the field. *Journal of Managerial Issues* 1, 65–81.
- [21] ILIĆ, B; MILIĆEVIĆ, V; CVETKOVIĆ, N. Strategic cost management and the product life cycle concept. In *Megatrend Review: Original scientific paper*. 2010, 1, 7, p. 193-208. ISSN 1820-4570.
- [22] KAPLAN, R. S. and COOPER, R. (1998), *Cost and Effect*, Harvard Business School Press, Boston, MA.
- [23] KORPI, E a T ALA-RISKU. Life cycle costing: a review of published case studies. *Managerial auditing journal*. 2008, Vol. 23, No. 3, p. 240-261. ISSN 0268-6902.

- [24] LEE, H.L. and BILLINGTON, C. (1992), "Managing supply chain inventory: pitfalls and opportunities", Sloan Management Review, Vol. 33, pp. 65-73.
- [25] LOCKHART, J et al. When a higher price pays off. Strategic Finance. 2011, p. 29-35. Available from: [www.strategicfinancemag.com](http://www.strategicfinancemag.com).
- [26] MASKIN, J. Life cycle cost analysis for pumping systems. World Pumps. Morden: Trade and Technical Press, 1998, p. 2-5. ISSN 0262-1762.
- [27] MONDEN, Y. and HAMADA, K. (1991), "Target costing and kaizen costing in Japanese automobile companies", Journal of Management Accounting Research, Fall, pp. 16-34.
- [28] MORGAN, M. J. (1993), "Accounting for strategy", Management Accounting, May, pp. 20-4.
- [29] MORSE, W. J., DAVIS, J. R. and HEARTGRAVES, A.L. Management Accounting: A Strategic Approach. Mason, Ohio, 2003. Thompson South Western College.
- [30] NEWBROUGH, E. T., 1967. Effective Maintenance Management, New York, McGraw-Hill.
- [31] PALMER, R. J. (1992), "Strategic goals and the design of strategic management accounting systems", Advances in Management Accounting, Vol. 1, pp. 179-204.
- [32] PLACKOVA, A; KOUDELKOVA, P. Srovnani vyvoje MSP v CR a na Slovensku. In: VUTBrno [online]. 2011 [cit. 2012-09-26]. Available from WWW: <[http://www.konference.fbm.vutbr.cz/workshop/papers/papers2011/ekonomika/Piackova\\_Koudelkova.pdf](http://www.konference.fbm.vutbr.cz/workshop/papers/papers2011/ekonomika/Piackova_Koudelkova.pdf)>
- [33] POPESKO, B. Moderní metody řízení nákladů: Jak dosáhnout efektivního vynakládání nákladů a jejich snížení. 1. vyd. Praha: Grada Publishing, a. s., 2009. 240 s. ISBN 978-80-247-2974-9.
- [34] POPESKO, B. How to Calculate the Costs of Idle Capacity in the Manufacturing Industry. In Global Business and Management Research: An International Journal. 2009b. ISSN 1947-5667.
- [35] SHANK, J. K. and GOVINDARAJAN, V. (1989), Strategic Cost Analysis: The Evolution from Managerial to Strategic Accounting, Richard Irwin, Homewood, IL.
- [36] SHIELDS, M. D., YOUNG, S. N. Managing product life cycle costs: an organizational model, Journal of Cost Management, 1991, Vol. 5 No. 3, pp. 39-52.
- [37] Small Business Act: Zakon o malem a strednim podnikani. In: CEBRE: Czech Business Representation [online]. 2008 [cit. 2012-09-26]. Available from WWW: <[http://www.cebrecz.cz/dokums\\_raw/podklad\\_2.doc](http://www.cebrecz.cz/dokums_raw/podklad_2.doc)>
- [38] ŠOLJAKOVÁ, L. (2009), Strategicky zaměřené manažerské účetnictví. 1. ed. Prague: Management Press, s. r. o. 206 p. ISBN 978-80-7261-199-7.
- [39] Zprava o vyvoji maleho a stredniho podnikani a jeho podpore v roce 2011. 2012, 63 p. Available from WWW: <<http://www.komora.cz>>
- [40] ROBINSON, S., STUBBERUD, H. A. European entrepreneurs: problems, profits and plans. In: Proceedings of the Academy for Studies in International Business. New Orleans: Allied Academies International Conference, 2010, p. 47-52.

- [41] The new SME definition: User guide and model declaration. In: EUROPA [online]. 2005 [cit.2012-09-26]. Available from WWW: <[http://ec.europa.eu/enterprise/policies/sme/files/sme\\_definition/sme\\_user\\_guide\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf)>
- [42] WEGMANN, G. Compared Activity-Based Costing Case Studies in the information system departments of two groups in France: A strategic management accounting approach. [online]. s. 1-19 [cit. 2013-05-02]. Available from WWW: <<http://ssrn.com/abstract=1620797>>
- [43] WILSON, R. M. S. Strategic management accounting, in Ashton, D. J., Hopper, T. M. and Scapens, R. W. (Eds), Issues in Management Accounting, 1991, Prentice-Hall, London.
- [44] WOODWARD, D. G. Life cycle costing--theory, information acquisition and application. International journal of project management: the journal of the International Project Management Association. 1997, Vol. 15, No. 6, p. 335-344. ISSN 0263-7863.
- [45] ZONGSHENG, L. Strategic Financial Management in Small and Medium-Sized Enterprises. International Journal of Business and Management. 2010, Vol. 5, No. 2, p. 132-136. Available from WWW: <<http://www.ccsenet.org/ijbm>>

### **Contact Address**

**Ing. Markéta Špičková**

Department of Economics and Management, Faculty of Economics and Administration,  
University of Pardubice

Studentská 95, Pardubice, 532 10, Czech Republic

E-mail: [marketa.spickova@upce.cz](mailto:marketa.spickova@upce.cz)

Received: 01. 05. 2013

Reviewed: 04. 06. 2013, 26. 07. 2013

Approved for publication: 13. 08. 2013