Create a 9-slide presentation in which you analyze cost accounting practices to make a recommendation about whether or not to accept a purchase offer at a lower price than normal. Also write a 2-3 page, single-spaced, supporting report. Scenario The Acme Pickle Company has distributed pickles under the "Florida's Best" brand for eight years from its production facility in Jacksonville, Florida. It sells the pickles to stores in the southeastern United States. Acme normally produces between 8,000 and 10,000 cases of pickles a month but has the capacity to produce 12,000 cases without adding equipment or personnel. The owner of a twenty-store supermarket chain in Wisconsin, called Super Deals, visits friends in Florida and is impressed with the quality of "Florida's Best" pickles. He approaches you, an Acme Pickle account manager, with an offer to buy 2,000 cases of pickles to use in a special promotion at his stores. He is thinking of something such as: "Free jar of Florida's Best pickles with every purchase of forty dollars or more—this month only!" He offers Acme a price of $9.50 per case, knowing that it is a very substantial discount from the normal selling price of $20 a case. Acme's management is inclined to turn the offer down, because their cost is calculated at $10.00 a case. They believe they would lose money if they sold at $9.50 a case. You, on the other hand, believe that some errors have been made in the cost accounting. Your Role You are the account manager for Acme Pickles. Requirements Your analysis for the Controller and Sales Manager is needed to suggest a different way of calculating the pricing of the pickles that may be lower. As part of your analysis, address the following items: Explain why some production costs are variable and some are fixed. Analyze the benefit of recalculating the cost of pickle production. How would you recalculate it? What would the result be? What is the benefit to the company of recalculating the cost? Analyze how financial accounting of production cost differs from managerial accounting of production cost. Explain the difference between the two accounting methods. Identify the benefits and drawbacks of each method. Recommend a plan of action to management regarding Super Deals’ offer. Below is the cost report for a recent month. In this month, Acme produced 9,000 cases and sold them at $20 per case, which is Acme's normal selling price. Nine thousand cases are well beyond Acme's break-even point, enabling Acme to record a substantial profit at the nine-thousand-case level. Acme Pickle Company Cost Report Item Cost Cucumbers $15,000 Spices and vinegar 11,000 Jars and lids 10,000 Direct labor, paid by the case 30,000 Line supervisors, on salary 10,000 Depreciation on factory 10,000 Property taxes on factory 3,000 Insurance on factory 1,000 Total Costs: $90,000 Cost per case (9,000 cases produced) $10.00 Deliverable Format Your team lead wants to share this analysis across remote locations of the organization and is hoping you will set the standard for how analyses and decisions of this type should be presented and supported. Your team has requested either a recorded presentation (including slides and notes) or a presentation and supporting reporting that can be distributed as a model. Prepare a presentation of at least 9 slides using PowerPoint or software of your choice detailing your recommendation and the information you used to make your recommendation. You should prepare a separate report, 2-3 pages supporting the presentation. Recommendation requirements: Presentation slides: Create at least 9 slides detailing your recommendation and the information you used to make your recommendation. Include additional details as slide notes. Supporting information. Create a 2–3 page report to support your slides. Related company standards: The recommendation report is a professional document and should therefore follow the corresponding MBA Academic and Professional Document Guidelines, including single-spaced paragraphs. In addition to the presentation or report materials, include: Title (slide or page). References (slide or page). Appendix with supporting materials. At least two APA-formatted references. Evaluation By successfully completing this assessment, you will demonstrate your proficiency in the following course competencies through corresponding scoring guide criteria: Competency 1: Explain how accounting concepts and practices impact financial reporting. Explain why some production costs are variable and some are fixed. Competency 2: Apply principles of accounting to assess financial performance. Analyze how financial accounting of production cost differs from managerial accounting of production cost. Competency 3: Analyze accounting information to support business decisions. Analyze the benefit of recalculating the cost of pickle production. Recommend a plan of action to management. Competency 4: Communicate financial information with multiple stakeholders. Communicate accounting information clearly. Faculty will use the scoring guide to review your deliverable as if they were the Controller or Sales Manager. Along with reviewing the content, they will also review the way you present this content. Review the scoring guide prior to developing and submitting your assessment. Resources: The following resources provide information on cost accounting and budgeting: Marshall, D., McManus, W., & Viele, D. (2020). Accounting: What the numbers mean (12th ed.). New York, NY: McGraw-Hill. Available in the courseroom via the VitalSource Bookshelf link. The following chapters are most appropriate for this assessment: Chapter 12, "Managerial Accounting and Cost-Volume-Profit Relationships." Chapter 14, "Cost Planning." Droms, W. G., & Wright, J. O. (2015). Finance and accounting for nonfinancial managers: All the basics you need to know. New York, NY: Basic Books. The following chapter may be particularly useful: Chapter 2, "The Tax Environment," pages 22–31. The following article provides an example of how different aspects of packaging may need to be considered as part of the accounting approach related to contribution margin: Atagan, G., & Yükçü, S. (2013). Effect of packing cost on the sales price and contribution margin. Ege Academic Review, 13(1), 1–9. The following resources address making production and pricing decisions: Marshall, D., McManus, W., & Viele, D. (2020). Accounting: What the numbers mean (12th ed.). New York, NY: McGraw-Hill. Available in the courseroom via the VitalSource Bookshelf link. Chapter 13, "Cost Accounting and Reporting." Diffley, E. A., & Greenstein, A. (2016). Presenting non-GAAP financial measures in the face of increased scrutiny. Insights, 30(6), 3–9. Skillsoft Tutorial The following interactive course provides step-by-step instruction and practice with concepts related to this assessment: Skillsoft. (n.d.). Basic accounting concepts for non-financial professionals [Tutorial]. Working with Capital to Increase Cash Flow. Unfair Trade Practices The following articles provide details on an International Trade Commission (ITC)-related scenario in which Whirlpool claims Samsung and LG are using unfair trade practices by illegally undercutting prices on washing machines sold in the United States by selling the units for less than their production cost: Yu, R. (2017, June 1). Whirlpool says LG, Samsung dumping washers: Appliance maker asks Trump administration for import barriers. USA Today, B4. Packard, C., & Arnold, B. (2017, October 17). Broken trade laws and rising protectionism: Whirlpool fights imports, but who are they really helping? The Examiner. Price Setting The following articles cover price setting during specific circumstances: Gagnon, E. (2009). Price setting during low and high inflation: Evidence from Mexico. The Quarterly Journal of Economics, 124(3), 1221–1263. Copeland, A., & Shapiro, A. H. (2016). Price setting and rapid technology adoption: The case of the PC industry. Review of Economics and Statistics, 98(3), 601–616.