

Case Studies in Financial Accounting Software

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Abstract

Case studies from Harvard Business Review have been used by MBA students for years. For teaching and research in International Management, Thunderbird University is the known leader. Cranfield University in UK, in conjunction with Babson College, published much work on case studies. Most of the case studies were on management and marketing. Very few of them paid attention to Accounting, especially the use of the accounting software. Year 2006 saw the biggest return on investment in the financial markets. Wall Street stock brokerage firms, investment banks, mutual fund, hedge fund and private equity firms all made billions of dollars on profit. This paper is the summary of the teaching of an Accounting course. By using the real-life case study in accounting or finance, students can complete final projects individually or in a group. Using team building, constant communication and leadership, students gain much self-confidence, enhanced their interpersonal and communication skills while collaborating on the final projects. The training was done with an authorized State of New Jersey training firm. The State of New Jersey Work Force training program provided the displaced workers a stipend, allowing them to complete courses including: Accounting, Medical Billing, and Microsoft Office. After many months of course work, case studies and completion of final software projects, most of these students mastered new skills and they were able to find employment. As an instructor, it has been a very gratifying and rewarding experience.

Introduction

Harvard University, Thunderbird University and Cranfield University UK have been publishing case studies for 20+ years. MBA graduates did well. However, few case studies were done on Accounting or the use of the Accounting software. Since 1996, internet e-commerce quickly became the new mechanism for doing business. Students were fully aware of these trends. They used their cell phones, PDAs, sidekicks, and any other newest gadget that their parents gave them as birthday gifts. They loved to search on FaceBook.com for teenager friends and played video game all day long. Yet, when it came to choosing a major in college/university, they did not wish to major in Accounting or Computer Sciences. Every year, 1.1 million students graduated from the 4,000+ US colleges/universities. 20% majored in Business, 0.3% (or 3,300) did Accounting and 0.8% (or 8,800) majored in Computer Systems. Accounting and computer graduates received much higher salaries than other business majors in New York area.

(A) Dominican College*

In Fall Semester of 1988, Dominican College enrolled 1,400 students when this author joined the Division of Business Administration as an Associate Professor in Computer Information Systems. It offers many Bachelor of Science programs including Accounting, Computer Information Systems (CIS) and Management Information Systems (MIS). As of the Spring Semester of 2007, the College enrolled 1,850 with 20 Accounting majors (1%), 6 CIS majors and 32 MIS majors (2%), slightly higher than the national average. The College is located 14 miles northwest of New York City. Business is the largest division

(30%) at Dominican (555 students). Other divisions are Arts Science, Education, Healthcare (Nursing, Physical and Occupational Therapy), and Social Science. This author served as the Director of Business Administration Division, from 1990 to 1996. Starting in 1992, this author also taught courses in the International Management area, namely International Business, Global Marketing, International Finance, International Management and Manage Global E-Commerce, Hsu (1997), Hsu (2002), Hsu (2003), Hsu (2005) and Hsu (2006). There has been a steady increase for students to major in International Management since 2000.

1. BU112 Effective Business Communication

This course is normally taught by the faculty in the communication department. L. Bullock got a job as a non-paid intern at the Rockland Journal News. Her job was to write articles about the different sport teams. She developed effective business communication skills at this firm by working closely with her supervisor, colleagues and sports team. She also received three credits as mentored by this author in 1995.

2. FN118 Personal Finance

This course covered basic theory and methods needed to plan individual's financial wellness. In 1997, 7 people signed up for this course. This did case studies and final projects. Carol Curtin was a Social Science major for three years. She was able to complete a degree in Business Administration in one year, by transferring all her 90 credits from Social Science. She did final project on Berkshire Hathaway. After graduation, Carol landed a job as a research assistant at Bear Stearns Inc, NYC. DeMassi did report on credit cards, L. Javadi on Stafford Loan, S. Meas on Insurance, R. Millan on Merrill Lynch, G. Roche on Fidelity Mutual Fund, and F. Tribuzion on IRA vs Keogh.

3. FN344 Investment Analysis

Five people took this course in 1994. F. McPhee did work on blue-chip stock, G. Millheiser on the financial analysis of a mid-cap portfolio, E. Rivera on fixed income, and M. Valenzano on mutual fund.

4. FN435 International Finance

M. Princisvalle was working at Merrill Lynch and needed the three credits to fulfill his graduation requirement at Syracuse University. This author served as his mentor for independent study. He analyzed a French conglomerate's global investment, balance sheets and return on investments. He used the Lotus spreadsheet to complete the analysis in 1991. Nine people took this course in 1994. In 1996, 4 registered. Final projects were: exchange-rate computations, spot vs forward contracts, put-option vs call-option, swap and the use of spreadsheet for financial analysis.

(B) Avtech Institute Technology**

Avtech (2007) is an authorized training provider with the State of New Jersey. New Jersey State has a work force program to train unemployed workers. Each unemployed worker gets a stipend from the State of New Jersey, allowing them to take courses at Avtech or at other authorized training provider. Many packages are available at Avtech. One of them is to take two courses: Computerized Financial Accounting and Microsoft Office Specialist (MOS) Certification. The MOS course covers MS Word, MS Excel, MS PowerPoint and MS Access. Avtech has three locations: Fairfield, South Plainfield and Eatontown. Other courses are: Cisco, C#.Net, Java, Medical Billing, Oracle, and Unix.

1. C# .NET, XML and WebLogic

Starting in July 2005, WebLogic 8.1, XML, and C#.NET were taught by this author. C# .NET was sponsored by Institute of Electronics and Electrical Engineers (IEEE), North Jersey Section. This was a low-cost course to train unemployed engineers for new skills. Avtech was very gracious to provide the

computer hardware and software. Avtech students and IEEE engineers took this course. C# Programming was taught 3 times at Avtech: 14 enrolled in Spring 2006, 5 in Fall 2006 and 6 in Spring 2007, Hsu (2007).

2. Computerized Financial Accounting

Enron, Global Crossing and Worldcom went bankrupt due to the CEO unethical behaviors, Hsu (2006). President G. Bush signed into law the Sarbanes-Oxley Act in July 2002. Due to the Sarbanes-Oxley Act, many more accounting jobs became available, Prentice (2005). With few accounting graduates, major companies had to hire non-accounting majors who had some knowledge in accounting. Avtech saw this trend, asking this author to teach accounting. Bookkeeping and accounting became necessary when one owned a firm. This author started and sold three different businesses and was the bookkeeper/accountant for two of them. This author also had experiences in real estate and international deal closings. Teaching the introduction accounting course seemed interesting. In addition, with so much computer software being used in the daily accounting record keeping, this author, trained as a computer professor, does have an edge over a traditional accountant or a CPA.

Computerized Financial Accounting was taught three times at Avtech South Plainfield, NJ with 10, 17 and 18 students and 4 times at Avtech Fairfield, NJ, with 1, 7, 12 and 5 students since September 2005. The level is the same as Accounting 111 course in any college or university. Warren et al (2006) is the textbook that most universities used. However, it is very expensive, with 1280 pages and it is used for two semesters: Accounting 111 and Accounting 112. Porter and Norton (2004) were used as the textbook. This textbook is very clear, starting from the basic fundamental concept of T account, debit credit, annual report, FASB, SEC, GAAP, income statement, balance sheet, financial statement, asset, liability, owner's equity, aged trial balance, invoice, purchase order, sales receipt, intangible asset, depreciation, accrual accounting, inventory, FIFO, LIFO, investments in stocks and bonds, present value, future value, annuities, etc. The book will be better if examples are given on Roth IRA, 401K conversion, and estate planning. It is a good book for everyone who never took an accounting course. 42 hours were spent on lectures. Each lecture used the PowerPoint slide that came with the book. Doing in-class exercises using MS Excel or a calculator, giving plenty of real-life case studies, and interacting with students by asking them to think of examples that related to annuities, IRA, depreciation, made the lecture more interesting. Each class began at 9 a.m., and ended at 3:30 p.m. with 30 minute lunch break from 12:00 to 12:30 p.m. Accounting is a very boring subject that is why most Americans dreaded taking the course. But using this approach, the lecture was well received. Additional 30 hours were used to cover QuickBooks and PeachTree software.

(a) QuickBooks software by Intuit

QuickBooks is the number one Accounting software that 3.5 million US small businesses and 235,000 accountants used. In addition, 41,000 active QuickBooks pro-advisors are able to help small businesses as consultants, Blundell (2007). To teach QuickBooks effectively is not an easy task. Back in 2005, the QuickBooks 2004 version was installed. It worked fine. Ivens (2004) was chosen as the textbook. It was not a "hands-on" textbook. After doing more research, QuickBooks for Dummies by Nelson (2006) was used. This book is very clear, step-by-step, and easy to follow. Intuit Inc is the company that developed QuickBooks. In addition, Intuit Inc also sells Quicken, the check-writing software and TurboTax, the do-it-yourself income-tax software. In 2007, QuickBooks has three new versions: a. Simple Start that one can do the free download, b. Pro Version and c. Premier Version, about \$300. But if you are interested in Accountant or Contractor module, you have to pay the add-ons which cost additional \$300. There are seven different add-ons: Professional Service, Payroll, Accountant, Contractor, Manufacturing Wholesale, No Profit and Retail, ranging from \$80 to \$300 each. Nelson (2006) was only useful for QuickBooks 2004 or 2005 version. Nelson (2006) cannot be used with the QuickBooks 2007 version. Using the sample companies, QuickBooks was not difficult to learn. Students were asked to start a business, such as Dunkin Donuts or a restaurant, to use QuickBooks from scratch. Everyone was engaged, and the class was totally alive. This kept their interest and the class enjoyed the "hands-on" very much.

(b) PeachTree software by Sage

PeachTree has been around for 20+ years. The company was not doing well and was recently acquired by Sage Group Plc, a firm located in Tyne, UK. It reported 2.4 million customers in US. PeachTree 2007 has five versions: First Accounting, Pro Accounting, Complete Accounting, Pro Accounting Total Care and Premium Accounting, with prices ranging from \$170 to \$400. PeachTree 2007 software is not compatible with Vista, the new Microsoft operating system. Therefore, Sage is working very hard to develop the PeachTree 2008 Vista compatible version, scheduled to release in June 2008. Sage has the accountant network. For \$300 per year, one gets the PeachTree Quantum Accountant edition 5 users, unlimited access to priority PeachTree support, payroll tax update service, PeachTree training CD and tools to grow your accounting practice, Savory (2007).

PeachTree 2007 was installed and it was not difficult to use. Textbook was again the Dummies series which worked out well. Students generally liked PeachTree because it seemed easier and user friendly than QuickBooks. However, it is not industrial strength. This software just did not have many of the advanced features that QuickBooks have.

(c) Microsoft Small Business Accounting software

In November 2005, Microsoft came out with the Small Business Accounting software to compete with QuickBooks and PeachTree. This author added the software to the accounting course. The software is easy to learn and one can learn it with the book by Frye and Pierce (2005). In 2007, this software was completely upgraded. There are now two versions: Accounting Express 2007 and Accounting Professional 2007. One can do the free download for the former with 30 day trial. Accounting Professional 2007 costs about \$150. If one buys the MS Office 2007 Professional Version or the Ultimate Version, then MS Accounting Express 2007 is bundled with it. After MS Accounting Express was shipped October 30, 2006, there were reported 1.5 million downloads. Major strengths are for inventory FIFO, purchase orders and sales orders, multi-currency, fixed assets, point of sale integration, multiple users, and other related new features. Since MS Office and Small Business Accounting are both MS products, the integration using MS Outlook or MS Access with accounting files will be smoother than using QuickBooks or PeachTree. Like Sage, it also has the Microsoft Professional Accountants Network to provide support, Lewis (2007). In the next 2 years, this software has plenty of potential to catch up with QuickBooks.

(d) Microsoft Great Plains software

A demo copy of MS Great Plains 8.0 software was enclosed with the book Arens and Ward (2005). The information was overwhelming. Installation took about one hour. Then the software worked well. As a result, this software was also included in the Accounting course. After much research, it turned out that Microsoft has bought Great Plains, and is developing the high-end accounting and financial software, so called the Microsoft Business Solutions with software title such as Microsoft Dynamics: Small Business Financial, Great Plains, CRM 3.0, Solomon, and Navision. MS Great Plains is the most sophisticated accounting software among the four discussed here, and it costs thousands of dollars. This software is suited for Global 500 corporations, not for the small businesses.

(e) Case Studies to Final Projects

The final project is either an individual project or a group project. It required a seven-page paper and 12+ PowerPoint slides. From doing the research on case studies, final projects were completed in:

- QuickBooks advanced features
- PeachTree advanced features
- Quicken, a check writing software from Intuit, Inc
- Turbo Tax, a tax reporting software from Intuit, Inc
- Pay Zero Tax, Schnepfer (2006)

- Advanced Excel PMT, many formulas in this software
- Accounting Finance Jobs
- Roth IRA, very useful for retirement planning
- MS Small Business Accounting features
- MS Great Plains features

Many of them never did accounting work or took the accounting course. Some of them dreaded accounting due to poor math skills. It turned out none of these issues hampered their success. Students did excellent final presentations, Table 1.

CONCLUSION

Accounting and finance courses were developed and taught at 3 organizations to 120+ people by this author. Hands-on approach, in-class and/or homework assignments, Harvard case studies, internet search, final projects using oral presentation by a team or by an individual, will have the best chance of success. Majority of them were able to find work after completion of this course. Some found jobs in the accounting field. Overall the class evaluation has been extremely positive. This has been a very gratifying experience.

*** Full time position**

**** Part time consultant**

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Table 1 Avtech Institute Technology courses

	Avtech	Fin Accounting
#	Names	Project
1	Ayala Danza	QuickBooks Bank Rec
2	Hegyí McPherson	Quicken Basic
3	Narvaneni Rothstein	Advanced Excel PMT
4	Buendia Garofalo	PeachTree Form Rept
5	Patel, N	Pay Zero Tax
6	Rashed Huang	PeachTree Inventory
7	Riker Summers	Turbo Tax
8	Yu	Quicken Basic
9	Lamboý	Quick Books Fin Report
10	Miterina	Quick Books Credits
11	Wang	PeachTree Inventory

	Avtech	Fin Accounting
#	Names	Project
1	Barbalace	QuickBooks Laundry
2	Epoor	QuickBooks Bank Rec
3	Hinds	Accounting Finance Job Search
4	Ng	PeachTree Security
5	Patel, R	Advanced Excel PMT
6	Fiore	Pay Zero Tax
7	Porucznik	PeachTree Pay Bills
8	Austin	PeachTree inventory
9	Trinh	Roth IRA
10	Baracaldo Fried	Turbo Tax
11	James Tangara	QuickBooks Payroll
12	Lin Thaker	MS Small Bus Acct
13	Cai McPhail	MS Great Plains

Extensive use of case studies is made to illustrate how marketing programs are planned and executed in both large and small companies. Analytical techniques are stressed to give students the opportunity to identify problems and find solutions. Course aims to address these issues: 1. describe the strategic planning and marketing management process 2. understand the importance of marketing research 3. examine issues in consumer behavior 4. explain buying pattern from business, government and institutions 5. introduce market segmentation 6. comprehend product and brand strategy 7. learn new products

Forensic accounting cases are available to everyone as PDFs. Topics include: payroll, claims management, sales commission fraud, procurement fraud, asset misappropriation, tax fraud, sales fraud and FCPA investigations. Forensic Accounting Case Studies. Uncovering fraud and corruption in complex scenarios and high risk environments. Forensic accounting cases are available to everyone as PDFs. The cases and solutions are password protected for faculty use only. Topics include: payroll, claims management, sales commission fraud, procurement fraud, asset misappropriation, tax fraud, sales fraud and FCPA investigations.