KEY LEARNING OBJECTIVES - CHAPTER 15

Constraints And Relevant Costs

After studying and discussing the material in this chapter, the student should develop some insights and understanding of the following issues:

1. The implications of constraints and scarce resources for managerial decision making.

2. The use of contribution margin per unit of scarce resource in making decisions on how to best use scarce resources.

3. The determination of the relevant costs for various types of decisions.

4. The basic steps which must be applied when making tactical decisions.

5. How to (1) identify the relevant costs for a variety of different types of tactical decisions, and (2) apply the appropriate criteria for making these decisions in each case.

6. The conceptual reasons why it is necessary to consider “different costs for different purposes”