

Advanced Management Program

January 15, 2026

Accounting

This short module of the AMP provides participants with the opportunity to discuss the promises, but also possible perils, of managing a business and leading people with internal financial information. By covering the most important concepts and applications in a condensed and compact manner, the module allows AMP participants to solidify their executive acumen with a fresh perspective that emphasizes managerial literacy, decisive action, and value creation.

Preparation

Please prepare the case “Compagnie du Froid” [HBS 9-197-085]. As we will use this case for both sessions, it is important that you have at least a good understanding of the problems mentioned in it. Therefore, please concentrate on the managerial interpretation and implications of the numbers rather than on any mathematical calculation of the numbers.

Also, depending on your prior knowledge about accounting as a tool to manage organizational performance and value creation, you might want to go through two short readings, but doing so is voluntary. That said, I assume that you are generally familiar with the purpose and structure of Profit & Loss statements.

Session 1: Steering the organization with targets & budgets.

Session 2: Evaluating performance & learning for the future.

Case Study:

Compagnie du Froid” [HBS 9-197-085].

Readings (voluntary):

- Strategy Execution Module 5: Building a Profit Plan [HBS 9-117-105]
- Strategy Execution Module 6: Evaluating Strategic Profit Performance [HBS 9-117-106]

Summary:

The CEO of a family business reviews the annual performance of the company’s three country units. One country (France) exceeded its sales and profit budgets and another one (Italy) delivered to its financial targets. However, the third country (Spain) disappointed hugely: it struggled with external conditions that put enormous pressure on the top line (revenues) and internal conditions that disrupted operations and the supply chain (costs). What are the CEO’s options? How should he read the country P&Ls and make sense of the performance? How much cause of concern does the performance create? And what

change, if any, do you suggest he drives into the organization in terms of financial, operational, and strategic management?

Discussion Questions:

1. What problems is the CEO, Jacques Trumen, facing?
2. How would you explain the performance in Italy? Why is there a difference between the budget (expected profit) and the ultimate result (actual profit)?
3. What is your evaluation of the Italian manager and his performance? Good job?
4. What is your evaluation of the French and Spanish managers as well as their countries' performances?
5. To which extent is the transfer price between France and Spain a "good" transfer price? What, if anything, would you do differently?
6. What are your recommendations: what should Jacques do in response to his problems identified in Question 1.?
7. What makes "good" executive management with financial information?