

Businesses are cost-effective because they have a “Chain of Accountability”—one person in charge of and responsible for *all* processes, from plans through execution and reporting.

*Primarily
Done By*

On What Basis

Business
Manager

Income Statement and Balance Sheet

For His or Her Line of Business, Profit, or Expense Center



- A single company manager, product-line manager, or cost-center manager is responsible for the plans, programs (capital expenditures, new products), budgets, operations, and reporting.
 - all done on the same “organizational entity” (entire company or part of it)
 - using consistent means of measurement and presentation (income statement, balance sheet) in all processes

Figure 3. Chain of accountability