

Activity Based Cost Management (ABCM)

WHAT IS ACTIVITY BASED COST MANAGEMENT?

Business Performance Management is assuming greater significance in the context of increasing competition, globalisation and the consequential strategic planning and management.

It is in the overall business scenario that the cost management and control is becoming difficult day by day with increasing Overheads and shrinking Profit margins. In Activity Based Management, the end-to-end Business processes of the enterprise is broken down to various activities. These activities are identified as Value-added and Non-value added activities and efforts are taken to optimise these activities.

Activity-Based Costing goes beyond traditional accounting methods to recognise causal relationship of cost drivers to activities. Information relating to profitability of various segments (Customer, product, service etc.) is used to make strategic decisions.

HOW IS ABCM USEFUL?

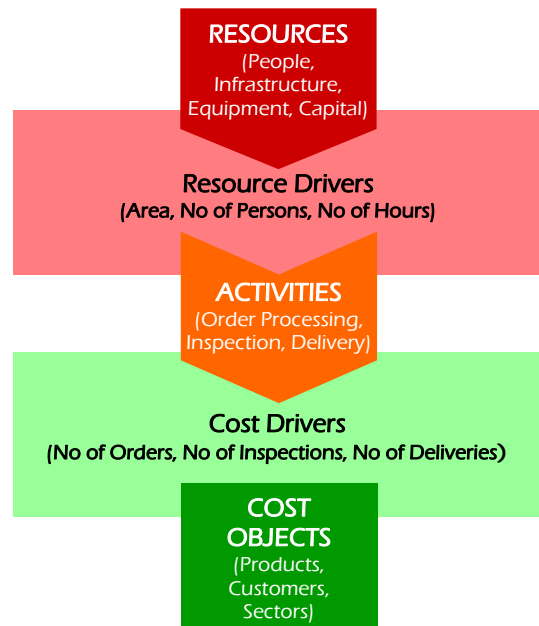
ABCM can help in:

- Accurate Cost Allocation of Overheads to Cost Centres and Departments leading to improved Cost Information and Control.
- Sharply defined Profitability across Product, Customer or Geographic segments.
- Calculation of transaction costs (Cost per MIS report/ PO/ Quality Inspection etc.)
- The capability to view core & non-core business activities (value-added and non-value added activities)
- Analysis of Business into Processes and Activities leading to efficient restructuring and resource optimisation (E.g. Order Processing, Delivery, Quality costs etc)
- Accurate information on the utilisation of your resources with full cost ownership.

OUR METHODOLOGY

- Preparation of departmental financial Trial Balances
- Identification & Definition of Activities, Cost Drivers and Business processes
- One-to-one meetings with departmental heads
- Allocation of people time and expenses to activities and allocation of Activity costs to Cost objects
- Deriving the profitability of various Products/ Customers/ Market segments
- Generation of Action plans

THE ABCM MODEL



OUR CLIENTS

- **Omantel** (Telecoms)
- **Merck** (Pharmaceutical)
- **Syngenta** (Crop-protection)
- **BASF** (Chemical)
- **Jindal** (Steel)
- **Wockhardt** (Medical Care)
- **Thermax** (Engineering)
- **Kirloskar group**(Engineering)
- **Garware** (Synthetic Fibres)
- **Raymond** (Textiles)

FIND OUT MORE

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