

“Product and Customer profitability using Activity Based Costing”

Overview

In every business Customers and Products have a “Cost to Serve*” associated with them. Activity based costing (ABC) is a powerful tool to determine the “Cost to Serve” by Product and Customer. Once this is calculated the true profitability by Product and Customer can be determined.

Understanding the true Product and Customer profitability allows companies to increase overall profits and gain a heightened understanding of the overall business.

**Cost to serve – The indirect costs involved in servicing a customer or product line*

Course Objectives

This course will provide you with:

- An understanding of the theory, practice and benefits of Activity Based Costing.
- Real life examples to demonstrate the calculation of the ‘true cost’ of products and customers.
- Tips and tricks for building a reliable and maintainable ABC model.
- An overview of implementation using Microsoft Office products as well as specialised ABC software – Metify & Performance Optimisation

On completion of the course you will have:

- An appreciation of the theoretical and practical aspects of ABC
- Skills to implement an ABC project
- Understanding of how to use ABC results to derive strategic and operational business insights.

Who will benefit from this course?

- Business Analysts
- Process Improvement Professionals
- Management Accountants and Accountants
- General Managers
- Financial Managers

Key Topics to Be Covered

The course is delivered in four modules across 2 days.

- **Module 1 – *Introduction to Activity Based Costing***
 - Introduction to ABC
 - Historical and Theoretical Aspects of ABC
 - ABC relationship to management accounting
 - Benefits of ABC
 - Common Issues faced managing ABC Models
 - Methods of Allocation

- **Module 2 - *Designing and Building an ABC Model***
 - Key Steps in the design phase
 - Required data
 - Identifying and assessing data quality
 - Collecting and utilising allocation data
 - The Activity Model
 - Introduction to cost drivers

- **Module 3 – *Practical Implementation of an ABC Model***
 - Discuss a new concept of Time Driven Activity Based Costing – a quick and maintainable method of ABC
 - The use of the MS office suite in activity based projects
 - The use of specialised ABC and ‘profit optimisation’ software
 - Model maintenance
 - ABC best practice
 - ABC resource requirements

- **Module 4 - *Analysing ABC results***
 - Identifying the most and least profitable customers/products/services/market segments
 - Determine true contributors and detractors from financial performance
 - Shared Services costing and pricing
 - How to develop marketing mix based on the results of the ABC
 - a Use of ABC outcomes in strategic management decisions and what-if scenarios

Course Details and Contacts

Sydney:

25-26th September 2008

Melbourne:

22-23th September 2008

Cost: \$890 per participant + GST (Including course material & catering)

Locations:

Sydney - Level 4, 100 Mount St,
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Melbourne - Level 1, 150 Albert Rd
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Contacts:

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