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# Driving Business Performance Through Activity Based Cost Management

For Owners, Stakeholders, Decision makers, MDs and HODs and for all Seeking Better Work Life Balance and Motivation.

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Director and CEO  
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# Introduction - Quantact Consulting

Madhav Kshirsagar is a practicing Top Management and ABCM Consultant with more than 4 decades of experience. He is an Engineer BE (ELECTRONICS & TELECOM) & a trained Cost and management accountant. Presently he is the founder and head of QUANTACT consulting. He has been controller, sales director, profit center head of reputed MNC engineering companies in India.

He has been a practicing top Management consultant over 2 decades and his clientele includes major Finance & Insurance ,Pharma, FMCG, Telecom, Steel , Oil & Natural Gas, HVAC, Fashion/Retail, Solar, Education, Healthcare & Engineering Sector companies across the globe.

During current challenging Business environment, knowing the exact resource deployment, product costs and driving product pricing policies as well as other business strategies are crucial for survival.

In this Webinar Madhav will address potential benefits of ABCM in order to implement these strategic cost management policies.

Quantact Consulting assists clients in ABCM, Strategy, Supply Chain performance monitoring, Energy audits and optimization, and Value stream mapping.

# Some HOME TRUTHS

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Cost is a  
fact

All Expenses  
are not  
costs .

Activity-Based Costing goes beyond traditional accounting methods to recognize causal relationship of cost drivers to activities.

Estimate is  
an opinion

All costs are  
not product  
costs.

What is unabsorbed cost  
A cost is not owned up by any internal  
or external customer

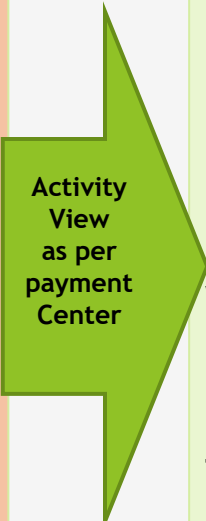
Pricing is a  
policy

Some product costs are not current costs. These could be strategic or future costs.

# Conventional Vs Activity based OH Accounting Case 1

## Conventional Accounting

	Rs.
Salaries & Wages	2,207,400
Bonus	238,600
Local Conveyance	78,000
Travel Expenses	64,250
Transportation	50,750
Rentals	1,194,250
Utilities	641,500
Postage	6,486,500
Printing	70,750
Repairs & Maintenance	220,500
Stationery	77,000
Misc. Expenses	461,500
Depreciation	210,000
<b>TOTAL</b>	<b>12,000,000</b>



## ABCM

	Rs.
Payment Validation	206,250
Generate EFT Payments	151,250
Generate Check Payments	542,750
Special Payments	74,250
Store and Control Bank Checks	72,500
Develop and Maint. Systems	76,750
Wrap Sort and Mail Checks	1,001,750
Return Payments (ACH)	62,250
Return Checks	94,250
Trace payments (ACH)	81,750
Check Non-receipts	73,750
Reclamations (Check)	21,750
Regional Accounting	61,000
Admin/Management Support	477,750
Customer Support Activities	176,750
Postage & Client Intimation	6,486,500
<b>TOTAL</b>	<b>12,000,000</b>

## Regrouping of Activities to cost objects

Transactions	Transaction Cost	Unit Cost
Electronic Pmt	2,400,000	0.06
Check Pmt	7,600,000	0.70
Courier Pmt	1,200,000	4.79
Manual Pmt	200,000	83.21
OCR Pmt	600,000	2.32
<b>TOTAL</b>	<b>12,000,000</b>	



Now you know what it costs to Make a Payment / Transaction after deep analysis

# Conventional Vs Activity based OH Accounting Case 2

## Conventional Accounting of Pathology Lab

Salaries	40.25
Bonus	4.02
Local conveyance	3.12
Travel expenses	1.88
Transportation	2.44
Rentals	2.08
Utilities	0.54
Postage	0.12
Consumables	13.46
Repairs & Maintenance	1.89
Stationery	0.22
Int. & Depreciation	8.67
Support Allocate	6.76
<b>Total</b>	<b>85.45</b>

Activity View as per LAB STAFF

## ABCM

Lab Reception	5.98
Sample Collection	5.13
Lab Analysis	64.09
Reporting	3.42
Endorsement	1.71
Billing & Receipts	5.13
<b>Total</b>	<b>85.45</b>

## Regrouping of Activities to cost objects

Pathology Costs	Haematology	Histopathology	Clinical Pathology	Immunology	Total
Lab Reception	2.39	2.09	0.60	0.90	5.98
Sample Collection	2.05	1.79	0.51	0.77	5.13
Lab Analysis	25.64	22.43	6.41	9.61	64.09
Reporting	1.37	1.20	0.34	0.51	3.42
Endorsement	0.68	0.60	0.17	0.26	1.71
Billing & Receipts	2.05	1.79	0.51	0.77	5.13
<b>Total</b>	<b>34.18</b>	<b>29.91</b>	<b>8.55</b>	<b>12.82</b>	<b>85.45</b>
No of Tests	45,343	6,423	10,789	5,865	
Cost per Test (Avg.)	75.38	465.63	79.20	218.54	

Now you know what it costs for a lab test vs. what you pay for it after deep analysis

# ABCM- workshops discussions and corridor gossips

## Costs cannot be ascertained to the products

- 'It looks as if our overheads are growing faster than our business ... wonder why'
- 'It is time we looked at streamlining our cost structure'
- 'What are our real indirect costs and transfer costs?'
- 'Are special tooling costs and specialized manpower correctly taken to the product costs?'
- 'Are the present Foreign Travel and Communication costs linked correctly to the products?'

## No Consensus on and ownership of the costs

- 'Why should my department bear this cost when we have not incurred it?'
- 'I don't accept the sales based allocation for my dept.'
- 'I did not want this seminar.'
- 'Why should my product be loaded with so much of service costs?'
- 'What is 'Corporate' doing for my product?'

## No Analysis of Activities- its costs and deliverables

- 'Our routine for the last five years is almost the same. I wonder who needs us..... We are hardly consulted.'
- 'I could easily be an independent profit center' - Testing, R&D
- 'What fraction of the meetings are conclusive and what is the cost of internal co-ordination?'
- 'It is time we looked at our Business Processes and the cost of those processes - Order Processing, MIS etc.'

# ABCM- workshops discussions and corridor gossips

## No Alignment of Strategic issues to the Deliverables of the business processes - Management

- 'What is our Business Strategy? Cost Leader or Differentiator or Focused Customer'
- 'Is our strategy known to all the stakeholders?'
- 'Are our Business Processes formally plotted with all the activities quantified?'
- 'Are our Business Processes aligned to the strategic objective?'

## No Realistic Profitability of Product, Customer Channel and Geographic Segments - Sales

- 'I am not sure of which customers / products / channels / regions make us money'
- 'Is our Spares' agenda right?'
- 'Are our Best Customers buying our Best Products?'
- 'Should this product be taken off from a region?'
- 'Should we have a Regional Office here?'
- 'Are we working for ourselves or our channel partners?'

## No Alignment of Strategic measures to the measures of operational activities- All Operations

- What are my non-financial 'Key Result Areas'?
- How do we measure 'Customer Satisfaction'?
- How is my performance going to be judged?
- Can performance and progress be monitored without lengthy meetings? Online Update?
- Is there any clear link between Rewards and Performance?

# ABCM Deliverables, Benefits and Advantages

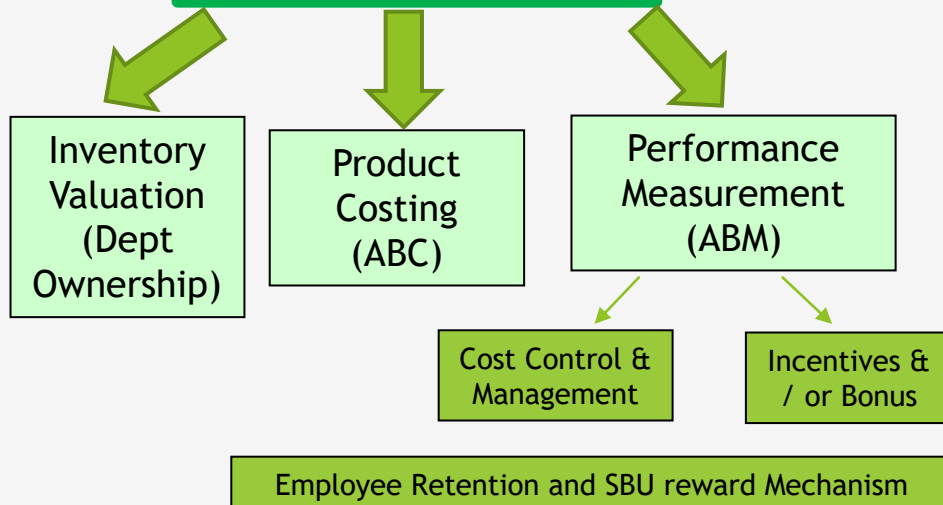
## Deliverable

- Sharper Product Group Profitability
- Product Mix Decisions
- Calculation of Unabsorbed Costs
- Cost Reduction Plans
- Business Process Management
- Strategic Costing

## Benefits

- Managers better understand the workload profile of their area
- Clarifies customer/supplier relationship, including cross-departmental dependencies. (Total Value Chain)
- Causes a review of existing organizational procedures and responsibilities and clarifies the causes and effects of activities.
- Fosters plans for improvement with many linkages.
- Establishes basis for tracing costs and implementing activity accounting.

## Uses of Cost Information

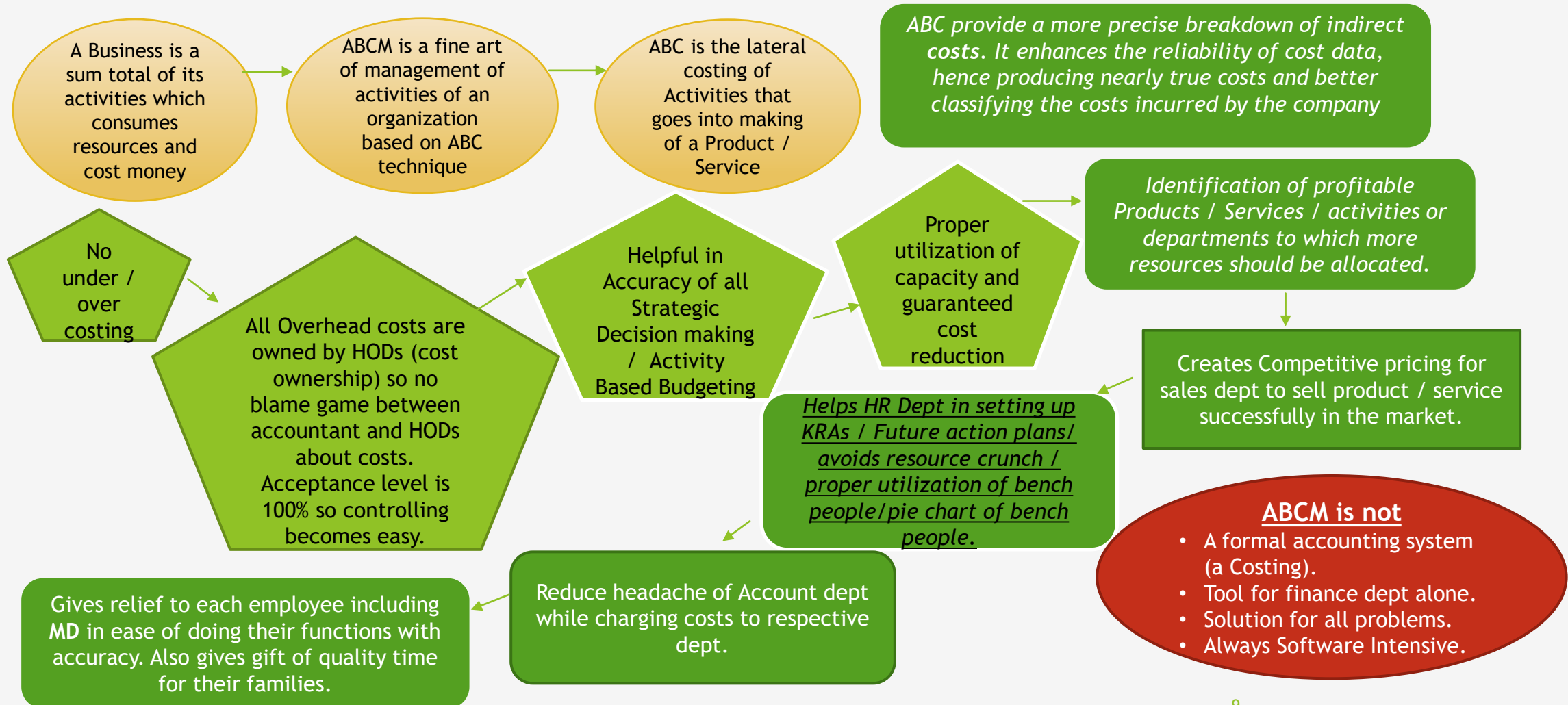


## Advantages

- Tells Managers the full cost of current processes and the drivers of those costs.  
E.g. Basis for outsourcing and elimination of non core activities.
- Reveals opportunities for business process improvement and reengineering  
E.g. Increased focus on receivables and interest costs and compression of supply chain costs
- Inserts customer values into managerial decision - making matrix  
E.g. After Sales Service - Escalations



# Why use Activity Based Cost Management?



# Ownership of Working Capital Cost (Interest)

RM :- Materials (Stock in Store not issued to production )

WIP :- Operations ( Stock in production with or without delays)

Finished Goods :- Sales and Marketing (Finished Goods produced but not yet dispatched)

Receivables :- Sales and Marketing (Dispatched but cash not realized)

Bank Charges & Others :- Accounts

Projects :- Projects Division

LC/Bank Guarantees/ Hundis :- Marketing / Accounts /Material

# Symptoms For ABCM Analysis

- Declining profitability for no obvious reason.
- Winning sales in products that the company is least well configured for, and vice versa.
- Growth in support costs relative to direct costs.
- Managers having little faith in existing product costing system.
- Obsolete allocation mechanisms (e.g., exclusive use of direct labor).
- Constant need for special studies.

## Current System May not

- Identify the true total product cost because of unnecessary allocation and complexity
- Identify and report cost of quality.
- Provide cost and performance information to support strategic goals.
- Measure or reward desired performance.
- Focus on Cost prevention of potential non-value added costs.
- Identify and isolate non-value-added activities.

# Need of ABCM for the Company

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# Analysis of Unabsorbed Costs

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## OH cost Absorption

OVERHEADS	ACTUALS	ABS'	UN ABS'
MATL. OH.	6400	5700	700
INT. ON RAW MATL.	1200	900	300
STOCK WRITE OFFS	600	100	500
PRICE VAR' NOT UPDATED	500	0	500
PROCESS OH. ASSY.	7200	5800	1400
OVERCAPACITY ( M/C SHOPS)	12050	5000	7050
INEFFICIENCIES	5000	3800	1200
INT. ON W.I.P.	1500	1150	350
REJECTS, RECT'S & SCRAP	3600	2400	1200
EXCESS CONS. / QTY. VARIANCE	800	0	800
INT. ON RECEIVABLES	7500	6000	1500
WARRANTY	1200	600	600
FREIGHT & DEMURAGE	1000	800	200
MARKETING	16000	15600	400
PROPERTY & PLANT	800	400	400
TAXES, LITIGATION & PENALTIES	400	0	400
EXTRA ORDINARY COSTS	600	0	600
ADMIN/ CORPORATE	2200	1500	700
OBSOLESCENCE	900	200	700
R & D	1900	1400	500
<b>SUBTOTAL</b>	<b>71350</b>	<b>51350</b>	<b>20000</b>
<b>TOTAL UNABSORBED COST</b>			<b>20000</b>

## Product wise Unabsorbed OH cost

	M	R	FS	V	BM	MISC	IMP.	TOTAL
MATL. OH.	361	148	13	61	8	19	89	700
INT. ON RAW MATL.	80	35	10	150	10	5	10	300
STOCK WRITE OFFS	150	30	10	300	10	0	0	500
PRICE VAR' NOT UPDATED	100	50	20	230	50	0	50	500
PROCESS OH. ASSY.	500	100	100	650	50	0	0	1400
OVERCAPACITY ( M/C SHOPS)	2518	504	504	3273	252	0	0	7050
INEFFICIENCIES	400	100	50	550	50	0	50	1200
INT. ON W.I.P.	150	25	25	100	25	0	25	350
REJECTS, RECT'S & SCRAP	300	200	100	500	25	25	50	1200
EXCESS CONS. / QTY. VARIANCE	300	150	50	300	0	0	0	800
INT. ON RECEIVABLES	774	318	27	131	18	40	191	1500
WARRANTY	150	150	50	200	25	0	25	600
FREIGHT & DEMURAGE	50	50	0	50	0	0	50	200
MARKETING	206	85	7	35	5	11	51	400
PROPERTY & PLANT	120	80	40	120	20	20	0	400
TAXES, LITIGATION & PENALTIES	100	50	0	50	0	0	200	400
EXTRA ORDINARY COSTS	310	127	11	53	7	16	76	600
ADMIN/ CORPORATE	361	148	13	61	8	19	89	700
OBSOLESCENCE	150	150	0	300	0	50	50	700
R & D	50	50	50	300	25	25	0	500
<b>TOTAL UNABSORBED COST</b>	<b>7130</b>	<b>2551</b>	<b>1079</b>	<b>7415</b>	<b>588</b>	<b>230</b>	<b>1007</b>	<b>20000</b>

# Product Profitability for Strategic Decisions



PRODUCTS	M	R	F	V	L	MISC	IMPORTS	TOTAL
Revenue	99432	40878	3495	16887	2295	5166	24570	192723
TRANSFER COST	41205	21486	1551	10458	891	3057	15252	93900
UNADJ. GP.	58227	19392	1944	6429	1404	2109	9318	98823
TECH/ R&D	-582	-75	-27	-2817	-24	0	0	-3525
FIN. / ADMIN.	-8265	-3372	-288	-1326	-189	-423	-2025	-15888
MKTG / SALES	-10944	-8919	-1365	-4056	-1365	0	-2724	-29373
ADJ. GP.	38436	7026	264	-1770	-174	1686	4569	50037

PROFIT AS PER COST ACCOUNTS

UNABS.COST	-7130	-2551	-1079	-7415	-588	-230	-1007	-20000
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PROFIT	31306	4475	-815	-9185	-762	1456	3562	30037
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PROFIT AS PER FINANCIAL ACCOUNTS

# Volume Sensitivity of One Product Mix

## Product 'V'

<b>VOLUME</b>	<b>600</b>	<b>900</b>	<b>1200</b>	<b>1500</b>	<b>3000</b>
<b>SALES</b>	<b>16887</b>	<b>25329</b>	<b>33774</b>	<b>42234</b>	<b>84435</b>
<b>COST OF SALES</b>	<b>10458</b>	<b>15687</b>	<b>20916</b>	<b>26145</b>	<b>52290</b>
<b>UNADJ' GP</b>	<b>6429</b>	<b>9642</b>	<b>12858</b>	<b>16089</b>	<b>32145</b>
<b>TECH/R&amp;D</b>	<b>2817</b>	<b>2817</b>	<b>2817</b>	<b>2817</b>	<b>2817</b>
<b>FIN/ADM</b>	<b>1326</b>	<b>1326</b>	<b>1326</b>	<b>1326</b>	<b>3600</b>
<b>M K T</b>	<b>4056</b>	<b>4056</b>	<b>4056</b>	<b>4056</b>	<b>6000</b>
<b>SUB TOTAL</b>	<b>8199</b>	<b>8199</b>	<b>8199</b>	<b>8199</b>	<b>12417</b>
<b>ADJUSTED GP</b>	<b>-1770</b>	<b>1443</b>	<b>4659</b>	<b>7890</b>	<b>19728</b>



# Levers to Maximize Profit

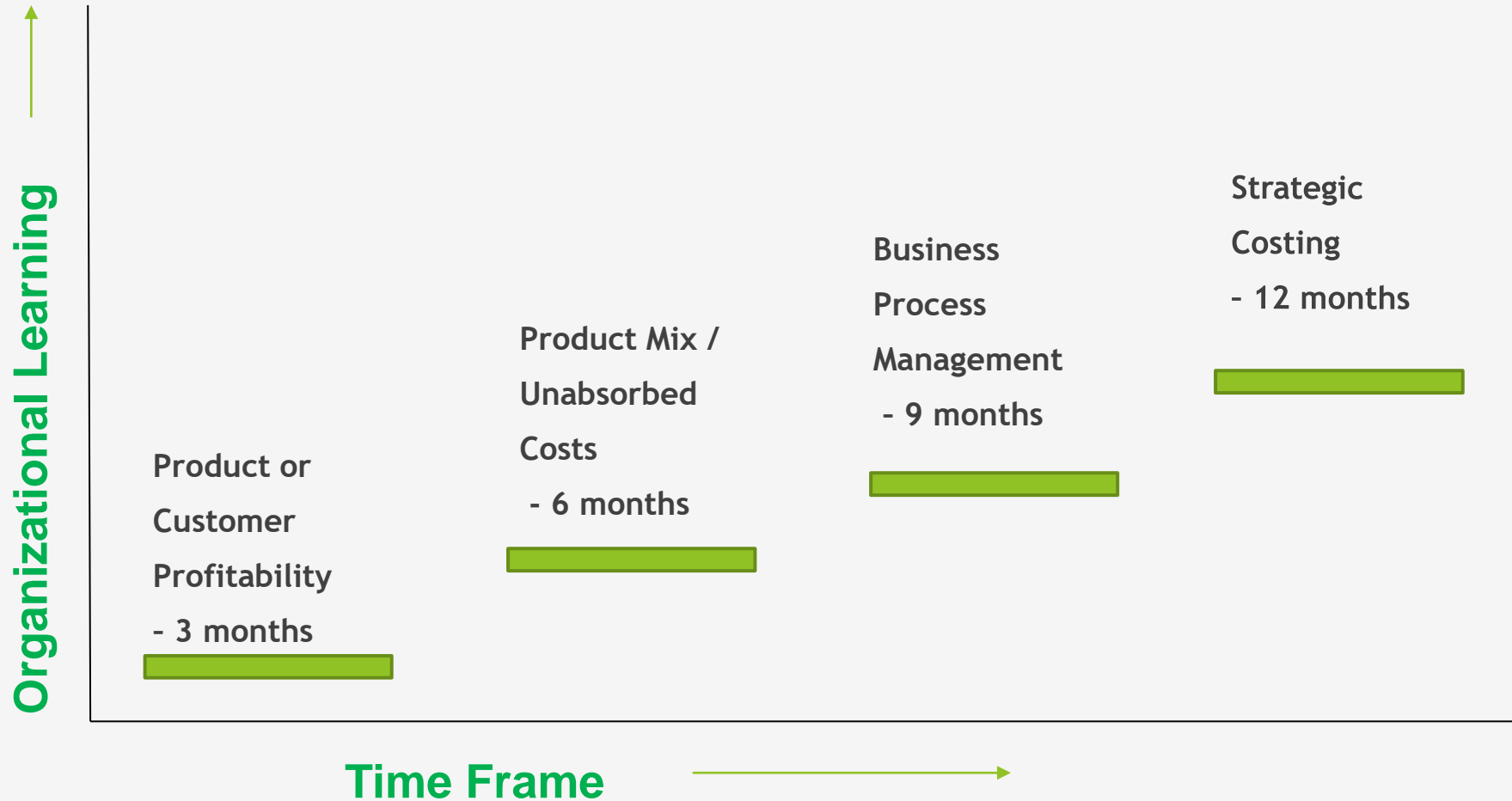
	Base Case		5% Sales Increase		5% Cost Decrease	
	C	D	C	D	C	D
Product						
Sales	100	100	105	105	100	100
Variable Cost	80	90	84	94.5	76	85.5
Contribution	20	10	21	10.5	24	14.5
Margin						
Percent Increase			5%	5%	20%	45%

*E.g. Impact of Sales Incentives Paid*

	Base Case		5% Sales Increase		5% Cost Decrease	
	C	D	C	D	C	D
Product						
Sales	100	100	105	105	100	100
Variable Cost	80	40	84	42	76	38
Contribution	20	60	21	63	24	62
Margin						
Percent Increase			5%	5%	20%	3.33%

*E.g. Impact on Product Phase out*

# Approach of ABCM Analysis



# Why are Activities so Important for Analysis

- They are actionable; They are what the Company does.
- They consume resources which are consumed by products and processes.
- They can be easily understood by diverse groups of people and their cost can be tracked and measured by the beneficiary.
- They link planning, control and integrate financial and non-financial performance measures.
- They highlight cross-departmental interdependencies.
- They facilitate understanding of cost drivers.

## Why ABCM is so popular for improved performance & planning.

- Load and onus of cost accountant taken off - **No Blame**
- Builds consensus on cost allocations - **Apolitical**
- Can be replicated in two days per quarter - **Speed**
- Action plans suggested - **MD's Agenda**
- Throws up before and after picture for strategies - **Timing**
- Facilitates Balanced Scorecard - **Pre-requisite**
- Decision making data processing - **No Software costs**
- Buy in company wide support - **System Success**
- Achieved data of resource utilization helps all and new HODs immensely

**You need to walk well before you run. Driven by all HODs and not By Finance Dept alone.**

# What Value we Add with an ABCM Assignment

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- A significant/improved focus on customer centric activities and value added focus for all activities and depts.
- Elimination of non value added quantified agenda for all personnel and departments.
- Serious multiple caps for people ,fully owned up additional KRAs and eliminating the demotivating cross subsidies that exist.
- More motivating performance management reviews for people and products.
- Numerical Evolution of personnel to discuss and talk in quantified terms rather than being vague.
- Significant Cross functional ,well knit working teams and wiping out the Silo approach of stubborn archaic working methods.
- Quantified approach to daily life and ensuring people are specific and to the point in all discussions and behavior.
- Understanding the unabsorbed costs of the organization which are not Product/Service costs and are actually the quantified slack.
- Interplant comparisons for performance reviews and Benchmarking
- Improved Throughput , Profitability and Employee Motivation.

# Case 1 Accounts Dept

SUMMARY REPORT OF ACTIVITY COST ASSIGNMENT						
Accounts and finance						
Activities	Employees Cost	Other Cost	Total	Employees Cost	Other Cost	Total
MAINTENANCE OF ACCOUNTS	13.98	6.76	20.74	17%	28%	19%
PAY AND P.F.	3.55	1.04	4.59	4%	4%	4%
ACCOUNTS PAYABLE	15.70	3.70	19.41	19%	15%	18%
ACCOUNTS RECEIVABLE	8.70	1.91	10.60	11%	8%	10%
STATUTORY COMPLIENCE	9.07	6.11	15.18	11%	25%	14%
INTERNAL REPORTS	9.00	1.42	10.41	11%	6%	10%
EXTERNAL REPORTS	13.49	2.05	15.55	16%	8%	15%
PRODUCT COSTING	5.78	0.72	6.50	7%	3%	6%
TENDER COSTING	2.23	0.28	2.51	3%	1%	2%
MEETINGS AND CO-ORDINATION	0.84	0.28	1.13	1%	1%	1%
<b>Total</b>	<b>82.33</b>	<b>24.28</b>	<b>106.61</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>No. of Persons</b>	<b>55</b>					

# Case 1 A/C Dept (For Allocation for Fair SBU performance)

Particulars	MAINTENANCE OF ACCOUNTS	PAY AND P.F.	ACCOUNTS PAYABLE	ACCOUNTS RECEIVABLE	STATUTORY COMPLIANCE	INTERNAL REPORTS	EXTERNAL REPORTS	PRODUCT COSTING	TENDER COSTING	MEETINGS AND CO-ORDINATION	Total		
<b>Cost Objectwise allocation of total cost of Plot</b>													
<b>Total Activity Cost</b>	<b>20.74</b>	<b>4.59</b>	<b>19.41</b>	<b>10.60</b>	<b>15.18</b>	<b>10.41</b>	<b>15.55</b>	<b>6.50</b>	<b>2.51</b>	<b>1.13</b>	<b>107</b>		
<b>Percentage Allocation</b>	<b>Volume</b>												
<b>Product Groups</b>													
<b>SBU 1</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>95%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>70%</b>	<b>30%</b>	<b>60%</b>			
<b>SBU 2</b>	<b>33%</b>	<b>33%</b>	<b>33%</b>		<b>33%</b>	<b>33%</b>	<b>33%</b>	<b>25%</b>	<b>67%</b>	<b>35%</b>			
<b>SBU 7</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>5%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>5%</b>	<b>3%</b>	<b>5%</b>			
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>			
<b>Value Allocation</b>													
												<b>ABCM</b>	<b>Present</b>
<b>SBU 1</b>	<b>13.48</b>	<b>2.98</b>	<b>12.61</b>	<b>10.07</b>	<b>9.87</b>	<b>6.77</b>	<b>10.10</b>	<b>4.55</b>	<b>0.75</b>	<b>0.68</b>	<b>72</b>	<b>67%</b>	<b>33%</b>
<b>SBU 2</b>	<b>6.84</b>	<b>1.51</b>	<b>6.40</b>	<b>-</b>	<b>5.01</b>	<b>3.44</b>	<b>5.13</b>	<b>1.62</b>	<b>1.68</b>	<b>0.39</b>	<b>32</b>	<b>30%</b>	<b>33%</b>
<b>SBU 7</b>	<b>0.41</b>	<b>0.09</b>	<b>0.39</b>	<b>0.53</b>	<b>0.30</b>	<b>0.21</b>	<b>0.31</b>	<b>0.32</b>	<b>0.08</b>	<b>0.06</b>	<b>3</b>	<b>3%</b>	<b>34%</b>
<b>Total</b>	<b>20.74</b>	<b>4.59</b>	<b>19.41</b>	<b>10.60</b>	<b>15.18</b>	<b>10.41</b>	<b>15.55</b>	<b>6.50</b>	<b>2.51</b>	<b>1.13</b>	<b>107</b>	<b>100%</b>	<b>100%</b>

# Case 2 Sales and Marketing Dept

ce / ne / nn	Activities	Rs. Lac			Percentage			Process	ERE/ engine (Rs)	Other cost/ engine (Rs)	Total/ engine (Rs)
		Employees Cost	Other Cost	Total Cost	Employees Cost	Other Cost	Total Cost				
nn	Free Time	0.22	0.09	0.31	5%	0%	1%	admin	8	3	11
ce	Training	0.12	0.27	0.39	3%	1%	1%	admin	4	10	14
ce	Future trends	0.03	0.09	0.12	1%	0%	0%	strategic	1	3	4
ne	Internal co-ordination	0.09	0.30	0.39	2%	1%	1%	admin	3	10	14
ne	Departmental Admin	0.06	0.14	0.20	1%	1%	1%	admin	2	5	7
ne	Reporting & reviews	0.44	0.63	1.06	9%	2%	3%	admin	15	22	37
ce	Management initiatives	-	-	-				strategic	-	-	-
ne	Channel Management	0.62	3.22	3.84	13%	12%	12%	chsupport	22	113	134
ce	Training & Development of dealers	0.30	1.05	1.36	6%	4%	4%	chsupport	11	37	47
ce	Planning	0.34	0.14	0.48	7%	1%	2%	admin	12	5	17
ce	Institutional sale	0.14	0.45	0.59	3%	2%	2%	chsupport	5	16	21
ce	Spares sale	0.46	0.82	1.28	10%	3%	4%	chsupport	16	29	45
ce	Complaints & returns	0.39	0.75	1.14	8%	3%	4%	post sale	14	26	40
ce	Sales promotion	0.38	2.63	3.02	8%	10%	10%	pre sale	13	92	106
ce	Receivables	0.16	11.26	11.43	3%	42%	36%	post sale	6	394	400
ne	Statutory forms	0.02	0.02	0.04	0%	0%	0%	post sale	1	1	1
ce	End Customer contact	0.64	1.35	1.99	14%	5%	6%	pre sale	22	47	70
nn	Other SBU activities	-	-	-				admin	-	-	-
ne	C & F	0.30	3.76	4.06	6%	14%	13%	chsupport	11	132	142
	<b>Total</b>	<b>4.71</b>	<b>26.97</b>	<b>31.68</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		<b>165</b>	<b>944</b>	<b>1,109</b>

## Case 2 Sales and Marketing Dept for restructuring/redeployment

Core / Non-core costs	Rs. Lakh			Percentage			
	Employees Cost	Other Cost	Total Cost	Employees Cost	Other Cost	Total Cost	
Core Essential Activities	2.96	18.82	21.78	63%	70%	69%	
Non Core Essential Activities	1.53	8.06	9.60	33%	30%	30%	
Non Core Non Essential Activities	0.22	0.09	0.31	5%	0%	1%	
<b>Total</b>	<b>4.71</b>	<b>26.97</b>	<b>31.68</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
Process wise Costs	Rs. Lakh			Percentage			Desired
	Employees Cost	Other Cost	Total Cost	Employees Cost	Other Cost	Total Cost	
Admin	1.27	1.57	2.84	27%	6%	9%	2
Pre sale	1.02	3.98	5.01	22%	15%	16%	75
Channel support	1.82	9.30	11.12	39%	34%	35%	10
Post sale	0.57	12.03	12.60	12%	45%	40%	5
Strategic	0.03	0.09	0.12	1%	0%	0%	7
<b>Total</b>	<b>4.71</b>	<b>26.97</b>	<b>31.68</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100</b>



# Case 2 Sales and Marketing Dept

## Cost object Dealer wise Computation of Activity Costs

Particulars	Free Time	Training	Future trends	Internal co-ordination	Departmental Admin	Reporting & reviews	Management initiatives	Channel Management	Training & Development of dealers	Planning	Institutional sale	Spares sale	Complaints & returns	Sales promotion	Receivables	Statutory forms	End Customer contact	Other SBU activities	C & F	Total	Percentage
Cost Objects	Total cost Allocation																				
General Engineering	0.01	0.02	0.00	0.12	0.01	0.04	-	0.77	0.47	0.10	0.24	0.01	0.23	0.79	2.86	0.01	0.50	-	0.58	6.75	21%
Sunny	0.01	0.02	0.00	0.10	0.01	0.04	-	0.83	0.56	0.12	0.15	0.01	0.36	1.77	2.86	0.01	0.70	-	0.95	8.50	27%
Varma and Sons	0.01	0.02	0.00	0.10	0.01	0.04	-	0.64	0.07	0.10	-	0.19	0.07	0.15	2.29	0.01	0.40	-	0.95	5.05	16%
Sairam Engg	0.01	0.02	0.00	0.02	0.01	0.04	-	0.54	-	0.02	0.02	0.32	0.17	0.11	0.57	0.00	0.20	-	0.39	2.46	8%
Others (20)	0.25	0.33	0.10	0.06	0.17	0.89	-	1.06	0.26	0.14	0.18	0.74	0.31	0.19	2.84	0.01	0.20	-	1.19	8.92	28%
<b>Total</b>	<b>0.31</b>	<b>0.39</b>	<b>0.12</b>	<b>0.39</b>	<b>0.20</b>	<b>1.06</b>	<b>-</b>	<b>3.84</b>	<b>1.36</b>	<b>0.48</b>	<b>0.59</b>	<b>1.28</b>	<b>1.14</b>	<b>3.02</b>	<b>11.43</b>	<b>0.04</b>	<b>1.99</b>	<b>-</b>	<b>4.06</b>	<b>31.68</b>	<b>100%</b>

## Case 2 Sales and Marketing Dept

### Cost object - Dealer wise Computation of Activity Costs

Cost Objects	Total	%	Sales (Rs lacs)	Sale / Cost to	Contn (Rs lacs)	Contn / Cost to sell	Net Contn	Net Contn / Cost to sell
General Engineering	6.75	21%	188.57	27.92	62.67	9.28	55.91	8.28
Sunny	8.50	27%	151.24	17.79	50.49	5.94	41.99	4.94
Varma & Sons	5.05	16%	100.79	19.97	30.25	5.99	25.20	4.99
Sairam Engg	2.46	8%	48.02	19.52	16.90	6.87	14.44	5.87
Others (20)	8.92	28%	223.28	25.03	74.27	8.33	65.35	7.33
<b>Total</b>	<b>31.68</b>	<b>100%</b>	<b>711.90</b>	<b>22.47</b>	<b>234.58</b>	<b>7.40</b>	<b>202.90</b>	<b>6.40</b>

# Case 2 Sales and Marketing Dept

## Product Group wise Computation of Activity Costs

Cost Objects - Products	Total	%	Sales (Rs lacs)	Sale / Cost to sell	Contn (Rs lacs)	Contn / Cost to sell	Net Contn (Rs lacs)	Net Contn / Cost to sell
AGRI Single Cyl	7.76	24%	76.52	9.86	25.78	3.32	18.03	2.32
IND / MRN	6.56	21%	85.28	13.00	20.79	3.17	14.23	2.17
PG Single Cyl	6.53	21%	192.14	29.40	68.33	10.46	61.80	9.46
Slow Speed AGRI	0.77	2%						
PG Twin Cyl	10.06	32%	357.96	35.58	119.67	11.89	109.61	10.89
<b>Total</b>	<b>31.68</b>	<b>100%</b>	<b>711.90</b>	<b>22.47</b>	<b>234.58</b>	<b>7.40</b>	<b>203.67</b>	<b>6.43</b>

These ratios may not be same for all the branches of the company. This is also a good branch Performance Appraisal for Reward Mechanism.

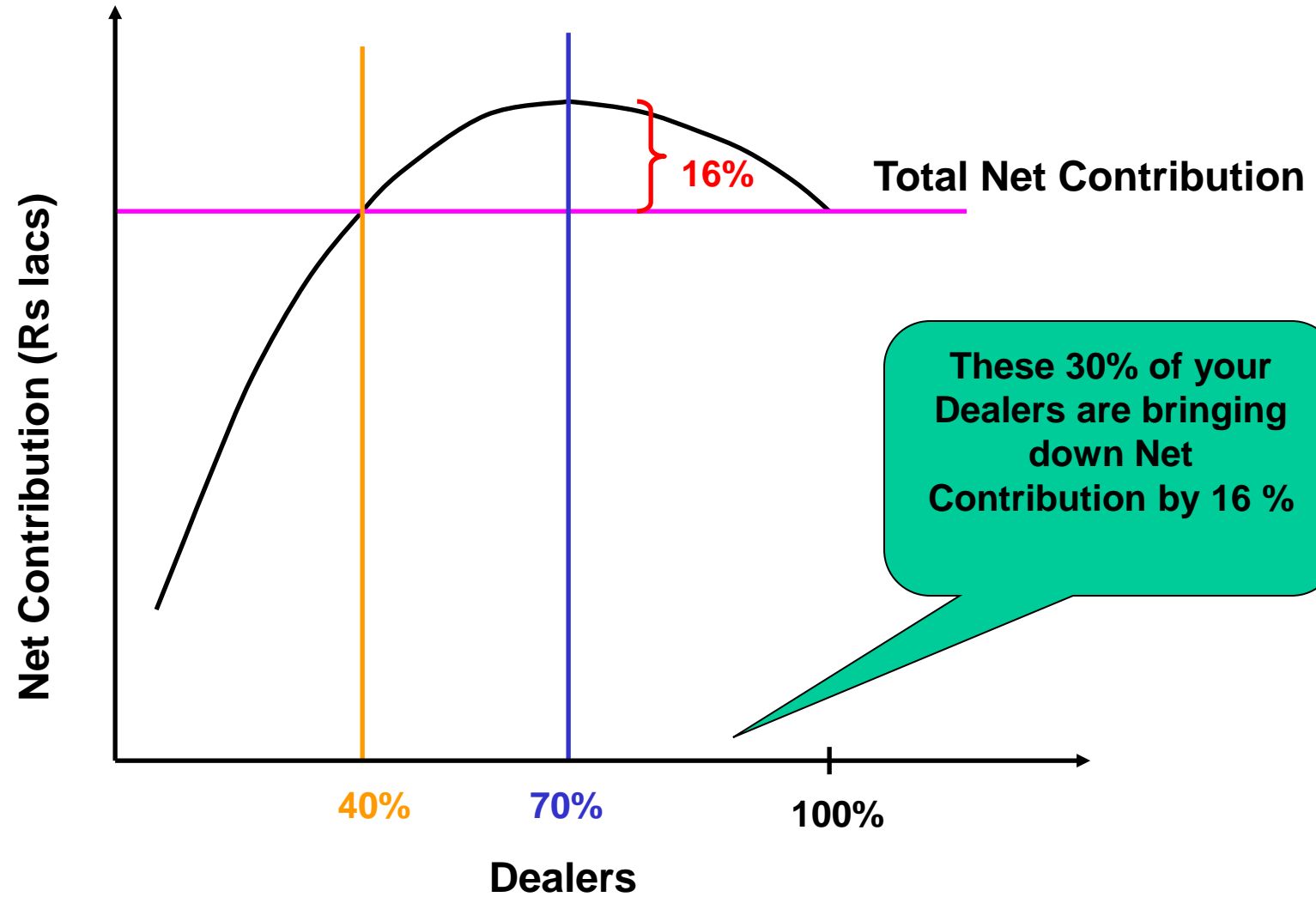
## Case 2 Sales and Marketing Dept

Geography wise computaiton of activity costs				
Region	Cost	Sales	Sales	Sales to Cost Ratio
North	6	20%	142	25
South	7	45%	320	44
East	6	15%	107	17
West	9	15%	107	12
North East	4	5%	36	9
<b>Total</b>	<b>32</b>	<b>100%</b>	<b>712</b>	<b>22</b>

You can see that there is a swing in the ratios for sales to cost from 9 to 43 and these geographic can be reconsidered for strategies by reinforcing elimination of geography

# XYZ Area Office : Net Contribution Cliff

Q



# Case 3 Quality Dept

ce / ne / nn	Activities	Rs. Lac			Percentage			Process
		Employees Cost	Other Cost	Total Cost	Employees Cost	Other Cost	Total Cost	
nn	Free Time	0.28	0.07	0.35	2%	0%	1%	SU
ce	Training	0.30	0.11	0.41	3%	1%	2%	SU
ce	Strategic	0.17	0.04	0.21	1%	0%	1%	ST
ne	Co-ordination with other depts.	0.94	0.24	1.18	8%	2%	4%	SU
ne	Departmental Administration	0.60	0.15	0.76	5%	1%	3%	SU
ne	Reporting & reviews	0.92	0.23	1.15	8%	2%	4%	SU
ce	TPM	0.29	0.66	0.95	3%	4%	4%	ST
ce	Six Sigma	0.14	0.13	0.28	1%	1%	1%	ST
ce	Other management initiatives	0.09	0.02	0.12	1%	0%	0%	ST
ce	Prepare quality plan	0.32	0.08	0.41	3%	1%	2%	PD
ce	Online inspection & monitoring	1.80	0.57	2.37	16%	4%	9%	PD
ce	Finish inspection	0.85	0.37	1.22	7%	2%	5%	PD
ce	Third party inspection	0.19	7.80	7.99	2%	51%	30%	PD
ce	Customer inspection	0.06	0.02	0.07	1%	0%	0%	PD
ce	Calibration of instruments	0.07	0.08	0.15	1%	1%	1%	PD
ce	Maintain roll history	0.18	0.04	0.22	2%	0%	1%	SU
ne	Decision on deviations	0.37	0.09	0.46	3%	1%	2%	PD
ne	Complaint management	0.29	0.07	0.36	3%	0%	1%	SL
ce	Visit to customer	0.16	0.34	0.51	1%	2%	2%	SL
ce	Manage lab	3.41	4.02	7.43	30%	27%	28%	PD
	<b>Total</b>	<b>11.43</b>	<b>15.16</b>	<b>26.59</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

## Case 3 Quality Dept

Core / Non-core costs	Rs. Lakh			Percentage		
	Employees Cost	Other Cost	Total Cost	Employees Cost	Other Cost	Total Cost
Core Essential Activities	8.03	14.30	22.32	70%	94%	84%
Non Core Essential Activities	3.12	0.80	3.92	27%	5%	15%
Non Core Non Essential Activities	0.28	0.07	0.35	2%	0%	1%
<b>Total</b>	<b>11.43</b>	<b>15.16</b>	<b>26.59</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Process wise Costs	Rs. Lakh			Percentage		
	Employees Cost	Other Cost	Total Cost	Employees Cost	Other Cost	Total Cost
Strategizing	0.69	0.86	1.55	6%	6%	6%
Buying	-	-	-			
Producing	7.07	13.02	20.10	62%	86%	76%
Material movement	-	-	-			
Selling	0.45	0.42	0.87	4%	3%	3%
Sustaining	3.22	0.86	4.08	28%	6%	15%
Development	-	-	-			
<b>Total</b>	<b>11.43</b>	<b>15.16</b>	<b>26.59</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Case 3 Quality Dept For Allocation for process Cost

Cost object wise Computation of Activity Costs

Particulars	Free Time	Training	Strategic	Co-ordination with other depts.	Departmental Administration	Reporting & reviews	TPM	Six Sigma	Other management initiatives	Prepare quality plan	Online inspection & monitoring	Finish inspection	Third party inspection	Customer inspection	Calibration of instruments	Maintain roll history	Decision on deviations	Complaint management	Visit to customer	Manage lab	Total
Cost Objects	Total cost Allocation																				
Melting	0.03	0.03	0.02	0.10	0.06	0.10	0.08	0.02	0.01	0.08	0.25	-	-	-	0.01	0.04	0.10	-	-	4.57	5.51
Foundry	0.03	0.03	0.02	0.10	0.06	0.10	0.08	0.02	0.01	0.08	0.51	-	-	-	0.01	0.04	0.10	-	-	1.14	2.33
Machine shop	0.03	0.03	0.02	0.10	0.06	0.10	0.08	0.02	0.01	0.08	0.93	-	-	-	0.01	0.04	0.06	-	-	-	1.58
Forge	0.03	0.03	0.02	0.10	0.06	0.10	0.08	0.02	0.01	0.16	0.68	-	-	-	0.01	0.04	0.06	-	-	-	1.41
<b>Total</b>	<b>0.12</b>	<b>0.14</b>	<b>0.07</b>	<b>0.39</b>	<b>0.25</b>	<b>0.38</b>	<b>0.32</b>	<b>0.09</b>	<b>0.04</b>	<b>0.41</b>	<b>2.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.04</b>	<b>0.18</b>	<b>0.32</b>	<b>-</b>	<b>-</b>	<b>5.72</b>	<b>10.83</b>



# Case 3 Quality Dept For Functional Ownership

Cost object wise Computation of Activity Costs

Particulars	Free Time	Training	Strategic	Co-ordination with other depts.	Departmental Administration	Reporting & reviews	TPM	Six Sigma	Other management initiatives	Prepare quality plan	Online inspection & monitoring	Finish inspection	Third party inspection	Customer inspection	Calibration of instruments	Maintain roll history	Decision on deviations	Complaint management	Visit to customer	Manage lab	Total	Percentage	Owned up by
Cost Objects	Total cost Allocation																						
Inward inspection	0.12	0.14	0.07	0.39	0.25	0.38	0.32	0.09	0.04	-	-	-	-	-	0.04	-	0.05	-	-	1.71	3.60	14%	Materials
In process inspection	0.12	0.14	0.07	0.39	0.25	0.38	0.32	0.09	0.04	0.41	2.37	-	-	-	0.04	0.18	0.32	-	-	5.72	10.83	41%	Production
Finished inspection	0.12	0.14	0.07	0.39	0.25	0.38	0.32	0.09	0.04	-	-	1.22	7.99	0.07	0.07	0.04	0.09	0.36	0.30	-	11.96	45%	Sales / Marketing
Marketing support (Image)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.20	-	0.20	1%	Sales / Marketing
<b>Total</b>	<b>0.35</b>	<b>0.41</b>	<b>0.21</b>	<b>1.18</b>	<b>0.76</b>	<b>1.15</b>	<b>0.95</b>	<b>0.28</b>	<b>0.12</b>	<b>0.41</b>	<b>2.37</b>	<b>1.22</b>	<b>7.99</b>	<b>0.07</b>	<b>0.15</b>	<b>0.22</b>	<b>0.46</b>	<b>0.36</b>	<b>0.51</b>	<b>7.43</b>	<b>26.59</b>	<b>100%</b>	

# Case 4 Purchase Dept

ce / ne / nn	Activities	Rs. Lac			Percentage			Process
		Employees Cost	Other Cost	Total Cost	Employees Cost	Other Cost	Total Cost	
nn	Free Time	0.17	0.05	0.22	2%	0%	0%	SU
ce	Training	0.21	0.08	0.29	3%	0%	1%	SU
ce	Strategic	0.27	2.03	2.30	4%	4%	4%	ST
ne	Co-ordination with other depts.	0.47	0.16	0.63	6%	0%	1%	SU
ne	Departmental Administration	0.54	0.38	0.92	7%	1%	2%	SU
ne	Reporting & reviews	0.27	0.16	0.43	4%	0%	1%	SU
ce	TPM	0.23	0.25	0.48	3%	1%	1%	ST
ce	Six Sigma	0.09	0.13	0.22	1%	0%	0%	ST
ce	Other management initiatives	0.18	0.11	0.29	2%	0%	1%	ST
ce	Material Procurment Planning	0.15	1.01	1.16	2%	2%	2%	BY
ce	Enquiry Floating based on PR's/GPJR's	0.45	0.30	0.75	6%	1%	1%	BY
ce	Quotes & Comparison	0.44	0.24	0.68	6%	1%	1%	BY
ce	Negotiations	0.43	0.26	0.69	6%	1%	1%	BY
ne	PO Authorisation, Int Audit, Placement & Schedule	1.11	0.42	1.53	15%	1%	3%	BY
ce	Logistics & Despatches	0.16	15.73	15.89	2%	34%	29%	BY
ne	Follow-up for deliveries	0.34	0.25	0.59	4%	1%	1%	BY
ne	Follow up for Payments to suppliers	0.74	9.85	10.60	10%	21%	20%	BY
ce	Vendor Development	0.20	0.10	0.29	3%	0%	1%	BY
nn	Accounts Reconcilliation	0.05	0.02	0.07	1%	0%	0%	BY
ce	DG of Foreign Trade	0.87	4.56	5.43	12%	10%	10%	BY
ce	Insurance	0.15	0.05	0.20	2%	0%	0%	BY
ce	Planning	-	10.47	10.47		22%	19%	BY
	<b>Total</b>	<b>7.52</b>	<b>46.59</b>	<b>54.11</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

# Case 4 Purchase Dept

Core / Non-core costs	Rs. Lakh			Percentage		
	Employees Cost	Other Cost	Total Cost	Employees Cost	Other Cost	Total Cost
Core Essential Activities	3.83	35.30	39.13	51%	76%	72%
Non Core Essential Activities	3.47	11.22	14.69	46%	24%	27%
Non Core Non Essential Activities	0.22	0.07	0.29	3%	0%	1%
<b>Total</b>	<b>7.52</b>	<b>46.59</b>	<b>54.11</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Process wise Costs	Rs. Lakh			Percentage		
	Employees Cost	Other Cost	Total Cost	Employees Cost	Other Cost	Total Cost
Strategizing	0.77	2.51	3.29	10%	5%	6%
Buying	5.10	43.23	48.34	68%	93%	89%
Producing	-	-	-			
Selling	-	-	-			
Sustaining	1.65	0.84	2.49	22%	2%	5%
Development	-	-	-			
<b>Total</b>	<b>7.52</b>	<b>46.59</b>	<b>54.11</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Case 4 Purchase Dept

## Cost object wise Computation of Activity Costs

Particulars	Free Time	Training	Strategic	Co-ordination with other depts.	Departmental Administration	Reporting & reviews	TPM	Six Sigma	Other management initiatives	Material Procurement Planning	Enquiry Floating based on PR's/GPJR's	Quotes & Comparison	Negotiations	PO Authorisation, Int Audit, Placement & Schedule delivery	Logistics & Despatches	Follow-up for deliveries	Follow up for Payments to suppliers	Vendor Development	Accounts Reconciliation	DG of Foreign Trade	Insurance	Planning	Total	Percentage	
Cost Objects	Total cost Allocation																								
Raw Materials (Scrap,Alloys & Flux)	0.04	0.06	0.46	0.06	0.14	0.04	0.05	0.02	0.03	0.35	0.08	0.07	0.17	0.23	3.97	0.09	1.59	0.04	0.01	-	0.03	6.53	14.06	26%	
Consumables(Electrodes,Lubricants)	0.03	0.04	0.11	0.09	0.14	0.06	0.05	0.03	0.04	0.23	0.08	0.10	0.07	0.23	3.18	0.09	1.59	0.04	0.01	-	0.03	0.34	6.60	12%	
Roll Accessories (Packing Material)	0.03	0.04	0.11	0.06	0.09	0.04	0.05	0.02	0.03	0.12	0.08	0.07	0.07	0.08	0.79	0.03	1.59	0.01	0.01	-	0.03	-	3.36	6%	
Spares & Bought Outs (Ele & Mech)	0.03	0.04	0.11	0.25	0.28	0.15	0.12	0.07	0.09	0.12	0.30	0.31	0.21	0.61	2.38	0.23	4.24	0.07	0.02	-	0.05	1.35	11.03	20%	
Imports	0.03	0.04	0.23	0.03	0.05	0.02	0.07	0.03	0.04	0.12	0.04	0.03	0.07	0.08	1.59	0.03	0.53	0.03	0.01	1.09	0.03	-	4.19	8%	
Forged Blanks	0.02	0.03	0.92	0.06	0.09	0.06	0.07	0.02	0.03	0.12	0.11	0.03	0.03	0.08	2.38	0.06	0.53	0.06	0.01	-	0.03	2.25	7.01	13%	
Exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.34	-	-	4.34	8%	
Subcontract/AMC	0.02	0.03	0.34	0.06	0.14	0.04	0.07	0.02	0.03	0.12	0.08	0.07	0.07	0.23	1.59	0.06	0.53	0.03	-	-	-	-	3.53	7%	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>0.22</b>	<b>0.29</b>	<b>2.30</b>	<b>0.63</b>	<b>0.92</b>	<b>0.43</b>	<b>0.48</b>	<b>0.22</b>	<b>0.29</b>	<b>1.16</b>	<b>0.75</b>	<b>0.68</b>	<b>0.69</b>	<b>1.53</b>	<b>15.89</b>	<b>0.59</b>	<b>10.60</b>	<b>0.29</b>	<b>0.07</b>	<b>5.43</b>	<b>0.20</b>	<b>10.47</b>	<b>54.11</b>	<b>100%</b>	

# Case 4 Purchase Dept

## SUPPLY CHAIN / Material Overhead

Cost Objects	Total	%	Purchase	POH % for Q 1	Stores	Stores OH % Q 1	Primary Insp by QC	Total POH + Stores OH %	MOH (PUR+ Stores+QC)	TOTAL MOH %
Raw Materials (Scrap,Alloys & Flu)	14.06	26%	910	1.54%	1.39	0.15%	2.52	1.70%	17.96	1.97
Consumables(Electrodes,Lubricar	6.60	12%	186	3.55%	1.19	0.64%	0.18	4.18%	7.96	4.28
Roll Accessories (Packing Materia	3.36	6%	76	4.42%	0.66	0.87%	-	5.29%	4.02	5.29
Spares & Bought Outs (Ele & Mec	11.03	20%	24	45.97%	2.76	11.52%	0.18	57.48%	13.98	58.23
Imports	4.19	8%	236	1.78%	0.55	0.23%	0.18	2.01%	4.92	2.08
Forged Blanks	7.01	13%	334	2.10%	0.67	0.20%	0.54	2.30%	8.21	2.46
Exports	4.34	8%					-	-	4.34	
Subcontract/AMC	3.53	7%	30	11.75%		-	-	11.75%	3.53	11.75
	-							-	-	
	-							-	-	
<b>Total</b>	<b>54.11</b>	<b>100%</b>	<b>1796</b>	<b>3.01%</b>	<b>7.21</b>	<b>0.40%</b>	<b>3.60</b>	<b>3.41%</b>	<b>64.92</b>	<b>3.61</b>

# Some words from our clients

## Thermax Process heat division:

Your study indeed gave us a lot of in-depth knowledge on the bottom line of each product group, both by region and plant. (Thermax Process Heat Division)

## Jindal IRON & Steel MD

During the course of your assignment the quantification of cost allocated to various activities, specifying absorbed / unabsorbed cost and voluntary surrender of overheads has generated a lot of excitement. I am sure with successful completion of the exercise under your guidance, JISCO's team is equipped to repeat this exercise every quarter so that the focus on cost is continuous. We are quite hopeful of making substantial savings in our operational costs post this exercise.

## Syngenta Head Finance and IS:

This is to thank you for the very educative and eye-opening ABCN introduction into our company. We entered into this assignment with your team with medium expectations I Guess, considering BM as another 3-letter fad; you have managed to not only link it with the intuitive way managers operate but also simplified the process of compilation into a very user-easy format. We are pleased with the results of the ABM initiative both at Goa & HQ & will make this a part of our quarterly agenda. I am personally looking forward to a few more ABM converts within our company to carry the Baton.

## VP Finance and Commercial LAWKIM

With Clear and well defined ownership of Costs and involvement of the teams across functional appreciation of the issues has made possible. There has been a significant improvement in numerical presentation and focus from all HODs. There has been an improved transparency and information sharing across the organization, which has led to faster decision making on various business issues with time bound and realistic action plans benefitting all across the organization

**Raymond's MD: Your Presentation on ABCM was an eye opener. Although I am aware of the concept and have put it to use, I was taken surprise by the depth of its usage across functions and departments.**

# Some words from our clients

Awal Gulf  
MD

→ This is to place on record my appreciation to the highest level of professionalism your team exhibited during the recent engagement to establish activity based cost management system for our company. I am indeed happy to further place on record my appreciation on your personal involvement in the whole exercise. Your passion on the topic was clearly visible to the entire team! The commitment you showed in establishing well within the assignment period, a clear plan for Activity Based allocation of all the costs with logical classification unabsorbed cost, capacity costs and direct product costs. End to end costing of various products and services, KPI framework for identifying departmental goals and benchmark for measurement and profit Cliff for order planning strategies is indeed praiseworthy  
Your industry specific support on marketing of HAAC through an experienced subject consultant also helped us to revisit our marketing strategy. It was truly amazing and inspiring experience to listen to your soul searching, direct and frank opinion which has made us to look deeper into our own business practices. We have now learnt to look at the resource allocation in totally different perspective. I sincerely believe that during challenging period for any business, the ABCM model built by Quantact Team provides a scientific approach to ensure optimum results.

Morgan India  
MD

→ MCIL Aurangabad and Mehsana have been working with Madhav and his group on energy audits and more importantly, activity based management that helps quantify efficiencies in back office and support functions better than any other tool I have seen.

MERCK MD

→ We thank you for the sincere efforts put in by you in the area of manpower restructuring at our Head Office and Goa plant to understand the activity analysis. While this exercise helped us confirm the restructuring process at our Head Office, it enabled us implement the same with confidence at our Goa Plant.

You have effectively emphasized on " Activity Based Budget and Management - Without tears".  
Your inputs added tremendous value to the Conclave and I am sure , would help participants draw up strategies conducive to their business areas.

← S Mahalingam  
Conclave Chairman  
Confederation of  
Indian Industry

Garuda CEO : We thank you and your team on the assignment of ABCM of certain departments of our organization for strengthening the Cost Management of our organization. Your study has given us the focus the focus to reduce costs of the organization on a continuous basis. We hope to allocate the departmental costs to the products on a more rational basis and assess the product level profitability in more objective manner.

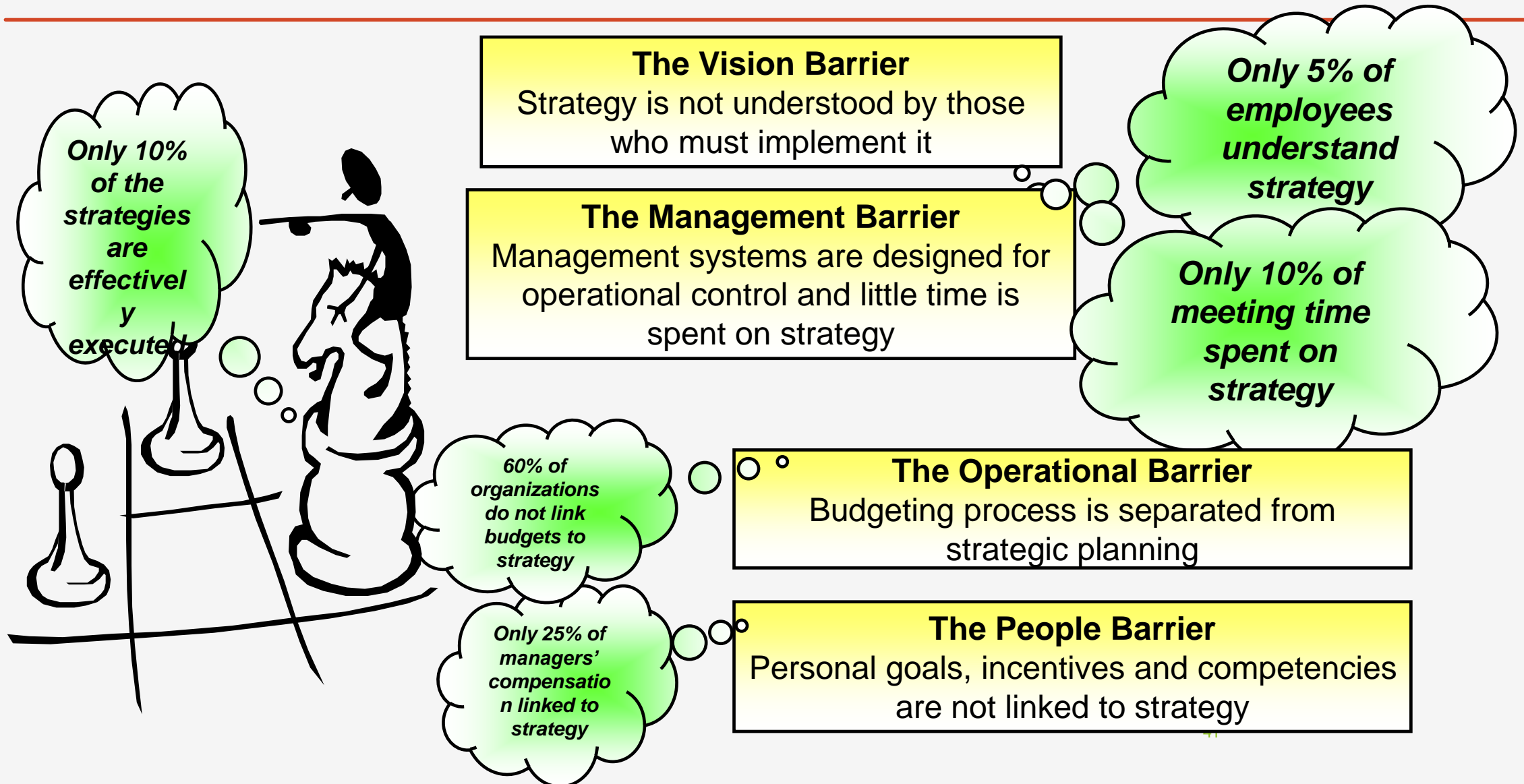
# List of Esteemed Clients

Industry	Organizations
■ Banks	Bank Muscat, Bank of Bahrain and Kuwait.
■ Stock Exchanges	NCDEX which is for Commodities and derivatives.
■ Hospitals	Wockhardt in association with Harvard Medical Institution.
■ Education and Banking	College of Banking and Finance (CBFS) Muscat.
■ Process Industry	Syngenta, BASF, Merck India ,Falcon Cements (Bahrain)
■ Engineering Sector	Crompton Greaves, Godrej, Thermax, Simmonds Marshall, Suzlon, Automag, The Kirloskar Group, Lawkim (Compressor Manufacturer)
■ Steel Sector	Seven Plants of the Jindal and Ispat Group Companies and Fully integrated plant in Sofia Bulgaria with interpreters.

Industry	Organizations
■ Oil and Drilling	Midwest Drilling Muscat.
■ Natural Gas	Banagas (Bahrain)
■ Solar / EPC	Vikram Solar
■ HVAC	AwalGulf (Bahrain)
■ Crucible and Foundry	Morgan India & Group
■ Fashion industry	FLFL
■ Synthetic Ropes	Garware Wall ropes
■ Telecom Sector	Omantel and Oman mobile.

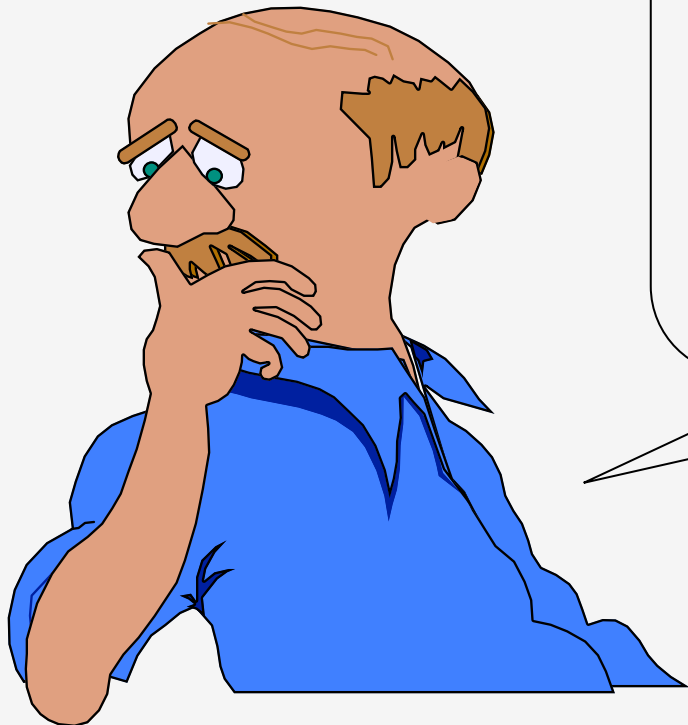


# Strategy Barrier For ABCM Analysis



# Symptoms For ABCM Analysis

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“You cannot  
manage what  
you cannot measure”

Lord Kelvin

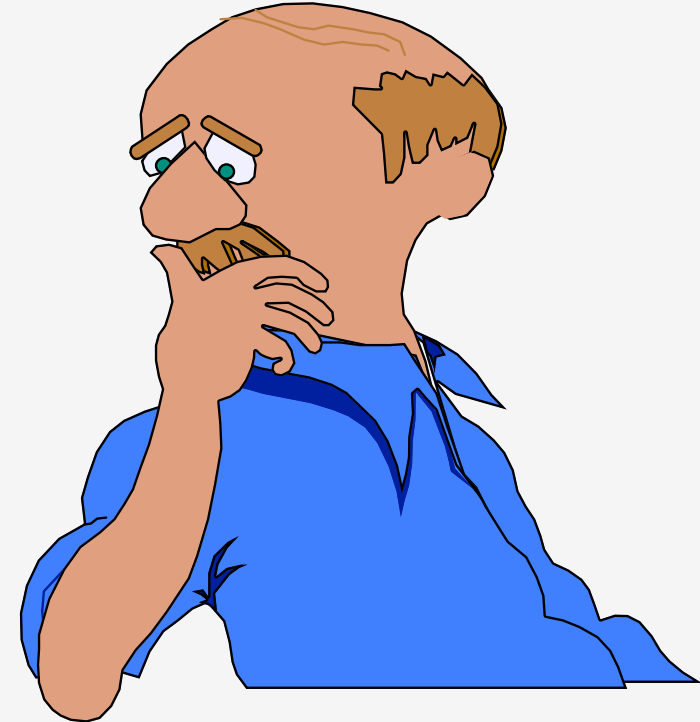
This is where ABCM helps

# QUANTACT - Meaning

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QUANT:- Quantify

ACT :- Act With Tact



*Quantact Consulting specializes in conducting Activity Based Costs and Management (ABCM) workshops, Energy Audits, Business Process Re-Engineering (BPR), Value Stream Mapping (VSM), LEAN Management and Supply Chain assignments in small and medium sector, corporate and large companies in the Service as well as the Manufacturing Sectors*

# Customer Definition of Value

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1. Value is low price
2. Value is whatever I want in a product or service.
3. Value is quality I get for the price I pay.
4. Value is what I get for what I give.
5. Value is a complete bundle of benefits of an offering weighed against the total price to acquire and use the offering.

Contact us for Activity Based Cost Management ( ABCM)  
as well as Activity Based Costing (ABC) Activity Based Management (ABM) Activity Based  
Budgeting (ABB) and Zero Based Budgeting (ZBB).

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