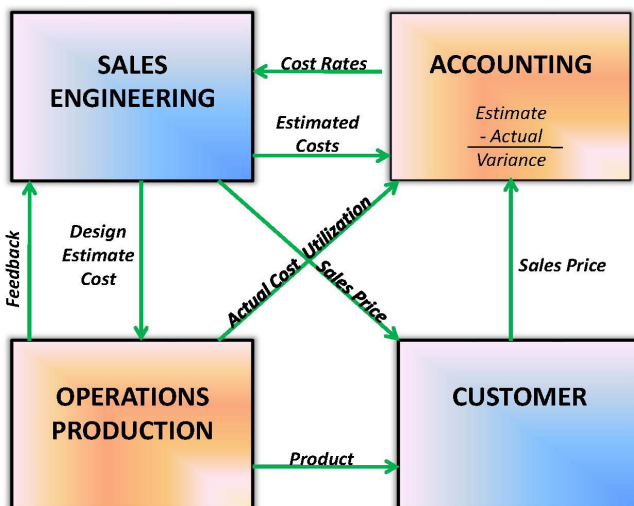


Cost Identification and Control

Cost management seeks to identify cause and affect relationships to objectively assign costs.

What does accurate costing data mean to you? It helps you:



- Set the selling price
- Measure profit
- Value assets
- Manage the business
 - Costing rates to prepare quotes
 - Make/Buy decisions
 - Identify problem areas
 - Set goals
 - Measure impact
 - Fire suppliers and customers

“Activity-Based Costing has brought new awareness of true cost in our areas and processes. By working with MMTC, we have eliminated work that previously appeared to be profitable but were actually marginal at best. More importantly, we are now targeting work types that in the past we would have quoted too high and had no chance of receiving a purchase order.” --- Neil Rogers, President
Huron Tool & Engineering

Activity-Based Costing (ABC) is a method that allows businesses to gather data about their operating costs. Costs are assigned to specific activities—such as planning, engineering, or manufacturing—and then the activities are associated with different products or services. In this way, the ABC method enables a business to decide which products, services, and resources are increasing their profitability, and which are contributing to losses.

MMTC COSTING IMPLEMENTATION AND TRAINING

ONE DAY COST MANAGEMENT WORKSHOP

This course will present the principles and benefits of Activity-Based Costing (ABC). Beginning with an overview of the short fall of many typical costing systems, the solutions provided by ABC will be presented. Applications will focus on the transactional aspects of running a business as well as the operational functions within the company. Transactional aspects include the cost of the relationship with the various material and service providers that must be maintained, as well as the cost of the relationships with a company’s customers. Operational functions are the direct or production processes as well as the indirect and administrative tasks that are required to deliver the product. Examples of product, production cell, process, value stream or “wall to wall” applications will be presented.

ONE DAY COST MODEL BUILD WORKSHOP

This workshop provides a basic understanding of ABC and how to build/implement a model. Using Microsoft® Excel, participants will build an ABC model using data and activities of a sample company provided by MMTC. Participants can then duplicate the process using their company information to build an effective ABC model. Exercises and supporting materials will show how to maintain a model, make necessary changes to calculate and document fluctuations in utilization, down time, workforce, capital equipment, etc. - as well as the impact of new or lost business.

THREE DAY COST MODEL BUILD WORKSHOP with HOMEWORK and COACHING

Designed for companies (with 50 or less employees) seeking to build an Activity-Based Costing model within a more aggressive time frame as a team. This open enrollment workshop meets on Monday, Wednesday and Friday. Attendees are coached while building an ABC model using their own company data on a laptop, which is gathered and validated on the off days of Tuesday and Thursday. Offered in a shared learning structure, the workshop is interactive and fast-paced. Participants should dedicate the entire week to workshop participation. Fee includes up three participants from each company.

FIVE DAY ACTIVITY-BASED COSTING KAIZEN (ON-SITE)

Designed for the smaller company (50 or less employees), the ABC kaizen is ideal those wanting to build an Activity-Based Costing model on site within a more aggressive time frame. The kaizen will be a combination of on-site classroom instruction for team members (led by an MMTC Costing Coordinator) and immediate implementation action. The instruction and exercises are structured around the ABC model developed by the company. The exercises and supporting materials will show how to maintain the Excel based model and make the necessary changes to calculate and document the impact of changes in utilization, down time, workforce, capital equipment, etc. - as well as the impact of new or lost business. The Team should be able to access, identify and interpret data regarding:

- All expenses
- Employee activity
- Labor costs
- Depreciation
- Production data: Hours, units, orders
- Engineering, Purchasing, Estimating, Order Management

This is an aggressive project and team members will be actively engaged for the five days of the Kaizen.



ACTIVITY-BASED COSTING (ABC) MODEL BUILD, ON-SITE IMPLEMENTATION

Is your organization ready for an Activity-Based Cost model? Let MMTC build it for you. Typically within three weeks MMTC will produce a detailed ABC model which will assist in making critical decisions with the confidence of knowing and understanding your true cost structure. Estimating and quoting, make/buy decisions, the “What if?” scenarios of bringing on (or vacating) products, processes, improvements or personnel – can quickly be evaluated to see how they might affect specific and overall cost of operations.

The model build requires minimal time and input of the Management Team and staff. Usually no more than 3-4 hours of any one individual (spread over the duration of the project) and 15 -30 minute sessions with a cross section of company personnel. An MMTC Costing Manager will meet with your management, tour your facility, and design an ABC Model tailored specifically to your activities and processes. Any specific focus of the Management Team will be addressed. The model will accurately estimate the cost of delivering any given product starting with the sales process and concluding with preparation of the order shipper.

ABC implementation considers a wide range of products, processes, and cost variables. Model development is started only after a detailed analysis of the needs of the client. The documentation materials and training will instruct how to maintain the Excel-based model and make the necessary changes to calculate and document the impact of changes in utilization, down time, workforce, capital equipment, etc. - as well as the impact of new or lost business. Every on-site ABC model is unique.

For additional information, contact MMTC West at 616-771-0561 or email at mmtcwest@rightplace.org.