



## The value of time -- Value Stream Costing

**Learn how to see the flow and assign accurate costs to all business processes. The statement of “time is money” meets reality when the two powerful tools of Value Stream Mapping plus Activity-Based Costing are merged.**

The flow of your organization processes defines your value stream. Whether the setting be the manufacturing floor, front office operations or a healthcare facility—the efficiencies of all processes are measurable. Time is money whether assigned to product, materials, engineering, design, information flow or patient care tasks. Applying Value Stream Costing identifies wastes and constraints in your current value stream. Value Stream Costing develops a methodology for accurately assessing the cost of a current state and future state processes. Accurate financial data leads to better decision making. Having robust data supports process changes which can lead to sustainable positive impacts.

### **What is Value Stream Costing and why use it?**

Value Stream Costing uses activity-based process modeling techniques to capture cost, time and other operational data along any given Value Stream. It offers a unique view, across the functional silos or departments which enables any business system to fully understand what it costs to provide valuable services to customers, measure resource capacities and utilizations, identify process bottlenecks, and perform what-if scenarios based on changing market (or patient) volumes and demographics.

Value Stream Costing enables an organization to link its financial data to a Value Stream Map, thus giving it the ability to fully utilize its operational and financial data together to optimize their system.

### **Going Lean or implementing Six Sigma in a manufacturing or healthcare environment?**

Value stream costing shows where to start in order to maximize savings, increase process (or patient) flow and improve operational safety.

The answer to capacity and constraint questions are not stored in any accounting system because they are designed to keep score rather than perform “What-If?” analysis. Value stream costing will actually tell you what value you are getting for your investment and too provide visibility into the anatomy of your processes.

**With VSC you can discover:  
where (or when) does a  
process break down  
when will you run out of  
resources?**

**For additional information, contact MMTC-West at 616.771.0561 or [mmtcwest@rightplace.org](mailto:mmtcwest@rightplace.org)**

MMTC is an affiliate of the NIST Manufacturing Extension Partnership (MEP) and supported by the Michigan Economic Development Corporation (MEDC).

a NIST | Network MICHIGAN  
MEP | Affiliate ECONOMIC DEVELOPMENT CORPORATION



Contact MMTC-West at 616.771.0561 or [mmtcwest@rightplace.org](mailto:mmtcwest@rightplace.org)