



ACTIVITY BASED COST MANAGEMENT (ABCM)

WHAT IS ACTIVITY BASED COST MANAGEMENT?

Enhancing business performance is crucial in today's competitive and globalized landscape. As overheads rise and profit margins shrink, effective cost management becomes increasingly challenging. Our solution, Activity-Based Management, optimizes end-to-end business processes by identifying and quantifying all value-adding and non-value adding activities. This impacts resources optimization and restructuring by eliminating duplication and reducing non-value-added activities.

Going beyond traditional accounting, Activity-Based Costing establishes causal relationships between cost drivers and activities. This insight, particularly into customer, product, and service segments, informs strategic decision-making. Tailored for Owners, MDs, and Decision Makers and all HODs. Our approach ensures precise, impactful results in an evolving business environment.

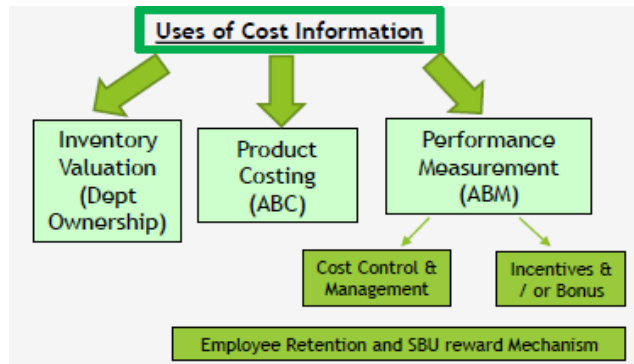
HOW IS ABCM USEFUL? (Outcomes of ABCM)

- **Precision in Cost Allocation:** Enhance Cost Information & Control by accurately allocating overheads to Cost Centers and Departments.
- **Clear Profitability Insights:** Define profitability sharply across Products, Customers, or Geographic segments.
- **Transaction Cost Calculation:** Calculate transaction costs, e.g., Cost per MIS report, PO, or Quality Inspection, for comprehensive financial clarity.
- **Core & Non-core Activity Visibility:** Gain insight into core and non-core business activities, distinguishing between value-added and non-value-added activities. And non-core activities reduction.
- **Business Analysis into Processes and Activities:** Efficiently analyze business into processes and activities for streamlined restructuring and resource optimization (e.g. Order Processing, Delivery, Quality costs, strategies regarding product groups, geographies application and profitability).
- **Accurate Resource Utilization Information:** Obtain precise information on resource utilization, ensuring full cost ownership awareness.
- **Improves Strategic Decision Making and Financial Control:** Make or Buy, Geographic selection, Order Selection, Dealers Selection, Capacity Improvement / proper utilization, Capital investment.

Always can lead to Activity Based Costing, Activity Based Budgets and Activity Based Management.
- **Working Capital:** It includes all HODs into working capital management and owning up the interest of pertinent inventories like Raw material, WIP, Finished Goods and Accounts Receivables
- **Cost Optimization and control:** with full ownership by all HODs.
- **Conflict Resolution of different departments:** Very Useful in resolving all conflicts between Operation and sales and finance which leads to improvement in the functions of the company. Team Leaders now owned and understand quantified strategy inputs.

Quantact Consulting

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- **FOR HR Department:** Useful in defining KRAs, KPAs JDs of each year as well as adding new responsibilities without any conflict and proper reallocation of resources. Improved delegation of activities and implementation of multi-skilling initiatives for personnel.
- **Continuous Improvement:** Fostered a culture of Focused on continuous improvement and change management tools.
- **In this way useful for all functions of the company in growth of the company.**
- **Action Plans and Cost Reduction:** Formulate targeted action plans for cost reduction based on the analysis.

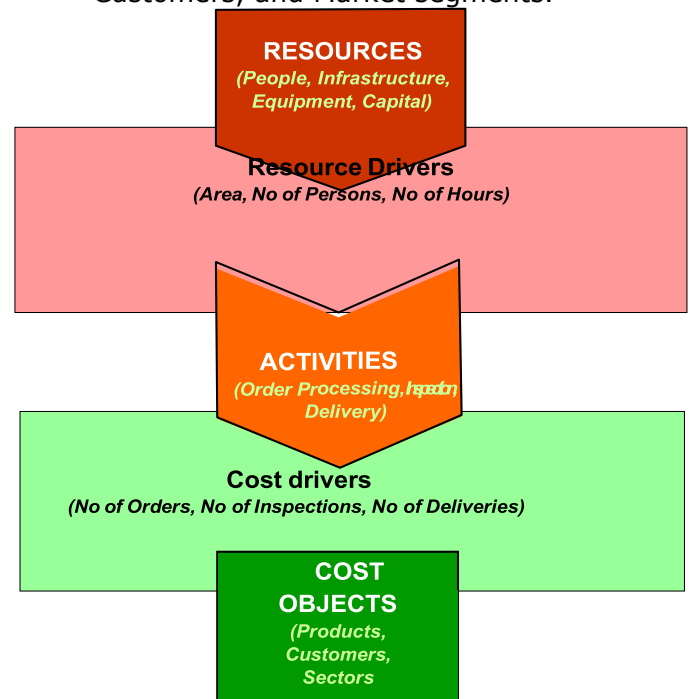
This concise methodology aims to efficiently enhance financial understanding and drive actionable results.

ASSIGNMENT DURATION

For mid-sized companies with 10 departments, our typical assignments span 4-6 weeks. Our dedicated team of 2-3 consultants ensures efficient delivery. Expect tangible results including noticeable cost reduction and improved asset utilization.

OUR METHODOLOGY

- **Financial Trial Balances Preparation:** Begin by compiling departmental (Cost Center wise PNL) financial trial balances for a Comprehensive Overview.
- **Activity, Cost Driver, and Business Process Definition:** Identify and define crucial activities, cost drivers, and business processes.
- **Personalized Meetings with Departmental Heads:** Engage in one-to-one discussions with departmental heads for deeper insights along with one level below the HOD.
- **Resource Time and Expense Allocation:** Accurately allocate people's time and expenses to activities, ensuring transparent cost attribution.
- **Profitability Assessment:** Derive profitability insights across Products, Customers, and Market segments.



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LIST OF OUR CLIENTS

Some of our following notable clients benefits from the ABCM outcomes:

Merck (Pharmaceutical) - Mumbai	Wockhardt Hospital – Thane	Future Group (Retail) - Mumbai
Syngenta (Agro) -Goa and Mumbai	Raymond (Tools) - Thane	NCDEX (Commodities exchange)
BASF (Chemical and Agro)- Mumbai	Bank Muscat (Banking) Muscat	CBFS – Muscat (College of Banking and Financial) Muscat
Garware Wall Ropes (Synthetic Fibers)- Pune	Midwest Oilfield Muscat (Petroleum Oil Drilling)- Muscat	CUMMINS sales and Service India Ltd. HO PUNE
Awal Gulf - Bahrain (HVAC)	Omantel and Oman Mobile (Telecom)	Vikram Solar (Solar) - Kolkata
LAWKIM -(Refrigeration and Compressor)-Pune and Mumbai	Ghatge Patil, Garuda (Transport)- Kolhapur	GARUDA CARRIERS & SHIPPING Pvt. Ltd. (Transport)-Andheri Mumbai
Kirloskar group (Compressor, Pumps, Oil Engine and Foundry)- Pune and Kirloskar wadi	Morganite Crucible – India (Advance Material and Foundry Crucibles) - Aurangabad and Mehsana	Puranik Builders (Real Estate Development and Construction) – Thane
SMALL ENGINES (KOEL) Hadapsar	CROMPTON Greaves Ind Ltd. (Motor Division) - GOA plant -	Automag India Ltd (Conveyors and Material Handling)- Pune
Gontermann Peipers India Ltd (GPI) (Roll Mfg for Steel Sector)- Kolkata	Jindal, Ispat (Steel) -5 Plants	DelVal (India) (Valves/Engineering) – Pune and Shirwal
KREMIKOV TZI AD, SOFIA - Bulgeria (Integrated Steel Plant)	Balasore Alloys Ltd (Ferro Alloys)- ISPAT group-Orissa	RANVIK and Fairfield Industries (Fabrication & Auto Component) Pune
HITECH PLAST Ltd- (CONTAINERS for Asian Paints) - Pune Sanaswadi	Thermax (Engineering- Process Heat Boilers) Pune	METAFORGE Engineering Ind Pvt Ltd. NASIK

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