



Cost Analysis to Support Strategic Decisions Training

Description

Intorduction

Cost control is one of the most widely used tool for planning and monitoring organizational activities, as well as to support future strategic decision. Importantly, cost analysis is inextricably linked with strategy formulation, the budgetary process and performance management. It is crucial to interpret how costs behave so that realistic budgets and plans can be produced, and appropriate financial and non-financial resources can be made available to the business. This programme will allow you to explore the traditional tools of cost analysis and control as well as new advanced approaches, which reflect and respond to the current complex business environment. In particular, you will learn:

- the cause-and-effect relationship among business strategy, operational objectives, measures and targets, and systems of performance measurement and reporting
- traditional techniques of cost analysis and control
- advanced costing and management techniques (ABC, ABB, ABM, target costing)
- overhead cost allocation and reduction
- the balanced scorecard construction and implementation

Objectives

- Enhance cost awareness and its relationship with strategy
- Describe specific cost analysis and performance measurement techniques
- Select the costing measurement system that works
- Select the systems of performance measurement that works
- Discuss real case studies
- From cost to strategy to performance measurement
- Broadening the management accounting knowledge
- Deliver more timely and useful information to decision makers
- Identify and manage key financial and non-financial indicators for the business

Day One

Introducing the linkages between strategy and costing

- Managing contemporary organisation
- Strategic Plan, Budgeting, Costing and Management Control
- Management Accounting for organizational control systems
- Responsibility accounting and the process-view
- The context for costing
- The Budget and its role for achieving organizational targets
- What is it the situation in your organisation?

Day Two

Cost analysis and classifications

- Cost terms and classification
- Inventoriable vs. period costs
- Manufacturing vs non-manufacturing costs
- Variable vs. Fixed costs (CVP analysis)
- Direct vs. indirect cost
- Under-costing and Over-costing problems
- Problems and Examples – Case study illustration

Day Three

From cost accounting to management control

- Cost allocation: traditional costing and activity-based costing (ABC)
- From traditional budgeting to Activity-based budgeting (ABB)
- Activity-based management
- Decentralized organizations
- Cost/Profit/Investment centers
- Transfer-pricing issues
- Problems and Examples – Case study illustration

Day Four

Flexible budgets and variance analysis

- The features of budgetary control
- Define the master budget and explain its major benefits to an organization
- Describe the difference between a static budget and a flexible budget
- Compute flexible-budget variances and sales-volume variances
- Explain why standard costs are often used in variance analysis
- Integrate continuous improvement into variance analysis
- Case study, problems and exercises

Day Five

Linking strategy to actions: Beyond costing

- Shortcomings of traditional approaches to measurement
- The Balanced Scorecard: linking Strategy to Performance Measurement
- Financial perspective, Customer perspective
- Internal Business Process perspective, Learning and growth perspective
- Developing and adapting scorecard
- Case study illustration

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