

# Activity-Based Costing (ABC)

Traditional costing systems like job-order and process costing have serious limitations in accuracy and usefulness in their overhead allocation methods. They consider only the total financial cost of an activity without regard to its operational output. Such systems ignore the interrelation-ship of activities, thereby fostering competition among functional work areas rather than cooperation. These limitations cause major distortions in unit costs and often lead to wrong decisions.

This course on will impart the underlying principles behind Activity-Based Costing (ABC), a costing method of assigning overhead or indirect costs to products and services by associating these costs with activities within the firm. This method enable managers to measure the costs of an activity (or even a series of activities that constitute a complete process), a radical departure from the traditional method of assigning costs to responsibility centers. It will include a workshop that involves a step-by-step illustrative application to an actual business situation.

**Objectives:** At the end of this session, the participants will have been able to:

1. Understand the basic concepts and principles of Activity-Based Costing
2. Learn the strengths and limitations of this approach to cost measurement and management
3. Appreciate the linkage of ABC with TQM/Kaizen

**Agenda:** The course, which employs experiential and highly interactive approach and methodology, covers the following:

- What is ABC
- How does it work?
- Why change to ABC?
- The objectives and benefits of using ABC
- The uses of ABC data
- Limitations of ABC
- Activity-Based Management
- Cost-reduction through ABM
- Critical success factors

**Who should attend:** The course is suitable for all managers and supervisors, particularly general managers, plant managers, production or service operations managers, finance or accounting managers/staff, TQM coordinators, etc. Contractors and entrepreneurs will also find this course very useful.

**Seminar Fee:** P15,904 (VAT-inclusive)

**Webinar sessions:** 4

**Facilitator:** Enrico C. Mina

**Dates:** TBA - Recommended for face-to-

face in-house/exclusive run, please email [jsv@kaizenmgtsys.com](mailto:jsv@kaizenmgtsys.com)