# The ABCs of Cost Accounting for Improved Performance

- ***Using ABC to Focus on Profitability and Quality***
- ***How to Gain a Strategic Competitive Advantage***

Many American businesses continue to agonize over their inability to calculate and understand their true cost of operations. In today's intensely competitive world, traditional cost accounting systems simply don't do the job.

**Seminar's Primary Focus:**

- Strategic Cost Management — an advanced understanding of an organization's cost structure to gain a strategic competitive advantage. Using the Survival Triplet to improve profits.
- Activity-Based Costing — a substantially more accurate method of assigning costs to products, services, and customers.
- Target Costing — a structured approach to determining the cost levels necessary for providing the desired profitability.
- Operational/Non-Financial Performance Measures — "Leading indicators" are the drivers of future financial performance.
- Profitability through Productivity — illustrations of many uncomplicated and easy-to-use cost accounting principles which can be implemented immediately.

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## What Will be Learned:

- The three key elements of Strategic Cost Management:
    - Value Chain Concept
    - Strategic Positioning Concept
    - Cost Driver Concept
- Employing the Survival Triplet to improve profitability
    - Cost/Price
    - Functionality
    - Quality
- The underlying logic of Activity-Based Costing (ABC), and why traditional costing methods don't work today. Using ABC to focus on profitability and quality.
- How Target Costing focuses on cost reduction through changes in product/service design. Understanding the two major steps in this process, and why product quality and functionality are two major considerations.
- How Operational/Non-Financial Performance Measures can drive future financial performance.
- How Strategic Cost Management (SCM) will help facilitate the development and implementation of business strategy, and why SCM is superior to the current Management Accounting paradigm as a framework for decision making.

**Who Should Attend:**
CPAs directly or indirectly involved with their organization's Cost Accounting, Financial Analysis, and Financial Reporting. This seminar is particularly beneficial for the CPA who has recently moved from Public Accounting to a position in Industry or with a Service Organization.

CPAs in Public Accounting whose clients are engaged in manufacturing/service/retail/financial services.

**Seminar Materials:**
Each participant will receive a large Cost Accounting workbook that will be used during the seminar and serve as a valuable take-home reference. The workbook includes many forms, schedules, and checklists (both financial and non-financial) that can be used immediately in business.

**Seminar Length:**
One day - lecture, highly-interactive, small group discussions, exercises and case studies, opportunities for participants' questions.

**CPE Credit:** 8 hours A & A.

**Level of Knowledge:** Basic.

**Prerequisite:** None.

**Advance Preparation:** None. Participants requested to bring a pocket calculator.

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## About Your Seminar Developer / Presenter

Jack Park is a highly effective developer and presenter of Cost Accounting seminars.
He was directly involved in designing, implementing, and administering Cost Reporting Systems (as Vice President of Finance, Controller and Manager of Cost Accounting) with various operating Divisions of the Greyhound/Dial Corporation and the Westinghouse Electric Corporation. He taught “Controllership” and “Advanced Cost Accounting” at the undergraduate level.

Park holds the National Speakers Association’s Certified Speaking Professional (CSP) designation. The CSP, established in 1980, is the speaking industry’s international measure of professional platform skill. Fewer than 7 percent of NSA’s 3,000 members hold this professional designation. He is a recipient of the Ohio Chapter’s Member of the Year Award. Park has presented programs nationwide for 44 different State CPA Societies, Associations, Institutes and numerous Corporations. His knowledge and presentation skills ratings are consistently among the highest of all instructors.

In 1989 Park founded Financial Insights, a consulting and seminar development firm, after spending twenty-two years with four major corporations. Financial Insights assists organizations with their business planning, and with improving their profitability and financial reporting.

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# Seminar Outline

## Strategic Cost Management (SCM)

- Understanding an organization's cost structure to compete more successfully and gain a sustainable competitive advantage
- Facilitating the development of business strategy
- Use as a framework for decision making
- Three key elements:
    - Value Chain Concept
    - Strategic Positioning Concept
    - Cost Driver Concept
- The Survival Triplet

## Activity-Based Costing (ABC)

- The underlying logic of ABC
- Using ABC to improve profitability analyses
- Identifying Cost Drivers and computing their impact
- Determining non-value-added activities
- Using ABC to focus on quality and productivity
- Removing barriers to effective communication

## Target Costing

- Structured approach to providing desired profits
- The two major steps in the Target Costing process
- Using cost reduction techniques during design
- The importance of product quality and functionality

## Operational/Non-Financial Performance Measures

- The Balanced Scorecard
- Key supplement to traditional financial reporting
- How to select and link measures with strategies
- Benefits not available through financial reporting
- The CPA/CFO-Controller's role

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