

professional development portfolio

Activity Based Management

Activity Based Management (ABM) provides the information managers need for making key decisions that boost performance, such as the true cost of making products, providing services and servicing customers; which products, services and customers are profitable and which are no; the level of resource required in future periods to make predicted volumes of products and provide planned levels of customer service.

ABM is often thought of as the preserve of finance managers, but because its fundamental role is to provide useful information for all managers charged with achieving lower costs or higher margins, it is now an essential part of the toolkit of analysis techniques used by professionals in functions such as sales, operations, commercial, shared and central services.

Activity Based Management enables the learner to:

- Measure and identify opportunities to enhance profitability or revenue
- Better plan resource requirements
- Improve and streamline processes
- Reduce output costs



Learning outcomes

ABM in context

- Is the customer always right?
- What led to the development of ABM?
- What is ABM?
- What are the frameworks for measurement and improvement?
- What is the ABM framework?

Flow of costs

- What are the flow of costs through an ABM model?
- What are the cost objects?
- What other costs are involved?
- What about product and customer profitability?
- How do I use process and process improvement?
- How do I embed the model?

Basic principles of building models

- What is the flow of costs in the model?
- How should I use the general ledger?
- What are the categories of costs and activities?
- How do I assign costs from the general ledger?
- What do I need to know about cost drivers?
- How do I assign costs from the ledger to activities?
- How do I reassign costs to other departments?
- How do I assign frontline activities to the cost objects?
- How do I use unit costs for analysis?

Undertaking an ABM project

- What are the objectives of the project?
- What are the key steps I need to take?
- What are the areas of potential difficulty?
- What software do I need?
- Who should I involve?
- How should I embed and refresh the model?
- How do I use ABM outputs to improve performance?
- How do I use ABM for commercial decision support?

ABM in the real world

- How do I integrate business process re-engineering?
- How do I integrate value-based management?
- How do I integrate customer relationship management?
- How does ABM offer a new perspective?
- How can I make ABM work?
- What difference can ABM make?

Target audience

This course is designed to appeal to professionals and managers in functional areas such as sales, operations, commercial and shared services.

Additional services

Tailoring: include your examples and issues.

See also: *Business Performance Management, Due Diligence in Mergers and Acquisitions, Key Performance Indicators, Managing Through a Recession*