

# For kemps llc

Finance



How would you advise Kemps on the internal issues that were being debated about the use of the ABC system? The ABC (Activity Based Costing) system defines a costing methodology where cost disbursement to services and products based on the events as well as the number of transactions unfolding in the provision of products and services. It provides detailed cost information that supports annual budgets, in addition to determination of consumer profitability. In this context, it increases the viability for the management in devising and making better decisions in reference to maximization and growth strategies (Colin 223).

The Kemp's company is at a junction with conflicting interests of the managers as a result of implementing the ABC system. This discourse ignites a debate on whether to implement the ABC system wholly or to also include the decisions of the managerial body in the implementation. After a thorough analysis they conclude that the ABC system cannot work alone without additional input of the managers. In turn, this demonstrates a deep consideration for automated systems as well as decisions that affect the employee task force and the consumer profitability in the provision of services and products. It is vital for Kemps to note that the ABC system is not fully dependable on its own capabilities, but rather it needs influential decision makers to support its functionality (Colin 244).

In addition, Kemp may impose a rule to guide on the areas the ABC system is applicable so as to steer clear of contingencies that lead to aggravated internal disputes. Settling this discord and ensuring the airing of all opinions of the managers ensures a steady customer retaining as well cut down costs. Therefore, the basis of the argument advice is determining the possible threats to the business as well as potential opportunities in the

implementation of the ABC system. That is the only surety of success within the company.

Works cited

Colin Drury, Management and Cost Accounting, 7th Ed.: Cengage Learning EMEA, 2007.