

# Cost-system redesign at a medium-sized company: getting the right numbers to driv...

[Finance](#)



(College) Improving Business Performance The presented manufacturer XYZ deals in electronic consumer products. Due to cash-flow difficulties, XYZ decided to implement simple activity-based costing (ABC) system. Problems that bring about the shaky state of XYZ are poor inventory management, insufficient business processes and lack of control of overhead costs. One other important point to consider is that XYZ was using a fairly rudimentary traditional cost system. This system was unable to capture the company's production function hence contributing to its deteriorating situation. Since companies use ABC system to improve product, the plant manager at XYZ chose to embrace it and put it into practical shape. Based on the above areas of concern, this study further seeks to explore the fate of XYZ based on its undertakings to improve business performance.

Stout & Bedenis (2007) display graphical representation of ABC elements. The graphics reveal the extent to which a company as XYZ could recover from its shaky state by just taking the elements into consideration. To benefit from ABC implementation XYZ used ABC data to construct profit and loss statement. "With the ABC model, XYZ is able to reveal the positive financial effects of using common components." (Stout & Bedenis, 2007) One vital lesson learnt from the engagement between XYZ and ABC system is that work and time are infinite and we should therefore manage our time and not work. Furthermore it should also be learnt that the structure of an organization as well as its financial status influence the effectiveness of its ABC implementation.

This article is important to the class as it extensively informs the learners on how to improve business performance in the rightful manner. I would

<https://assignbuster.com/cost-system-redesign-at-a-medium-sized-company-getting-the-right-numbers-to-drive-improvements-in-business-performance/>

therefore like to discuss the following in class:

Credible measures to undertake in response to business losses

Improving business performance

Embracing modern business techniques

Works Cited

Stout, D. E. & Bedenis, G. P. Cost-System Redesign at a Medium-Sized Company: Getting the Right Numbers to Drive Improvements in Business Performance. *Management Accounting Quarterly*, Summer 2007, Vol. 6, No. 4. Print.