

Topic 2

Finance



How do you think activity based management would benefit from Just-in-time manufacturing? Activity based management would benefit from Just-in-Time manufacturing in a manner that it would make its effort for continuous improvement into its various activities more efficient. It is important to note that Just-in-Time meant making " only what is needed, when it is needed, and in the amount needed" (Toyota-global. com, nd) thus avoiding waste and inefficiency which would later translate to a product that is more competitive. Activity based management is a management tool and method that supports the continuous improvement of activity performance in the company by " focusing attention on the sources of demand for activities and by permitting management to create behavioural incentives to improve one or more aspects of the business" (The Chartered Institute of Accountants, nd). This process of demand can however be inefficient especially if management does not know the quantity of demand that should improve quantities. Just-in-time complements this shortcoming by providing the material quantity of what is needed and when it is needed.

Just-in-time marketing also benefits activity based management because it provides more accurate information regarding the quantity of resources needed in its quest to generate meaningful information that would be used for decision making. Just-in-time would also make the activity of quantifying the cost of the performance of activities more proactive because it would instead quantify what is need to perform improvements instead of just quantifying the resources expended which could be inefficient. In sum, Just-in-time manufacturing would complement activity based management by providing the information it needed to become efficient in its strategic decision making to improve the organization.

References

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Just-in-Time - Philosophy of complete elimination of waste. (n. d.). Retrieved March 25, 2015, from [http://www. toyota-global.](http://www.toyota-global.com/company/vision_philosophy/toyota_production_system/just-in-time.html)

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