

Activity-based costing and activity-based management

[Business](#), [Management](#)



The paper "Activity-Based Costing and Activity-Based Management" is a wonderful example of a management assignment. For Dell to abandon ABC as a result of its returning similar results as the old cost system is akin to "shooting the messenger." If ABC had sufficient features, cost-effectiveness, and usability to be purchased in the first place, it shouldn't be discarded now. In fact, Dell should be pleased that the old costing system was working so well. The fact that two systems returned similar calculations doesn't reflect on the systems; it reflects on the data. As both the old costing system and ABC are working within the same data range—the new system's accuracy reputation is not being challenged as much as the old system's processes are being confirmed. Because ABC is now in place, Dell should stick with it as the old system will only tend toward greater inaccuracy and the ABC system will employ (presumably) the latest technology—a technology that will be supported by ABC's tech team for some time to come. Accordingly, unless ABC is extraordinarily expensive to operate, Dell should stick with it.