

Achieving Profit has always been complicated...

...Sage Coretime makes increasing your profits easy.

$$\pi \left(\frac{\text{recovery}}{\text{productivity}} \right)^2 \div \text{time management} + \text{Sage Coretime} = \uparrow \text{profit}$$

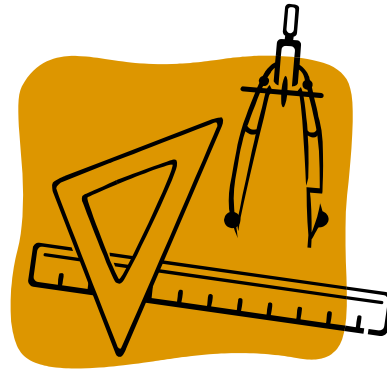
SAGE Coretime - Productive People, Profitable Business

Over the past ten years, money for both private and public sector organisations has been cheap. Times have changed and in many sectors cost control will become an increasingly demanding priority. Prudence will have her way as she always does.

For many businesses, this will mean the adoption of possibly unwelcome practices, contrary perhaps to the culture and rationale of the organisation. Unfortunately this maybe the price of survival.

One of the key objectives through this period will be the management of staff and the minimisation of unnecessary expenditure. Rigorous cost control frees up cash for partners, contractors and employees. Disciplined work practices increase productivity and activity based costing (ABC) enables the most valuable contributors to be identified and retained.

In previous downturns, managements have usually thrown away the baby with the bathwater losing key staff to competitors, retirement or consultancy. This will be the first major services downturn in the UK where even more "corporate identity" is held within key individuals than in the previous scourges of manufacturing. It is therefore even more vital that highly productive, competent and experienced people are not lost when times are tough and are therefore unavailable to lead the business into the inevitable upswing.



Why Activity-Based Costing? (ABC)

Coretime has many virtues – it greatly simplifies the administration and audit of workers and projects and can generate payroll and billing transactions from a single data capture. Timesheets are easily entered and monitored. Expenses can be controlled.

The great feature of Coretime for management is the collation in a single integrated database of all the data necessary for the evaluation of project, activity and "worker" performance; no more to be seen are the messy, incomprehensible and unreliable spreadsheets containing incomplete and incoherent data.

ABC has its roots in management accounting and was first used in manufacturing as a way of improving the efficacy and efficiency of manufacturing processes and to offer an alternative set of responses to a downturn in business than those offered by focusing on the expense "heads" of traditional accounting.

These include :-

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- Freeze on hiring overtime, wages
- Downsize !!
- Cut back on potentially future revenue generating R&D and investment
-



Protected by George Matthew Adams.
SPITING HIMSELF.
—Morris for the George Matthew Adams Service.

ABC facilitates a more considered approach to cost cutting – where can savings be made without impairing service delivery? How can people work more profitably or efficiently so that extra work does not necessarily automatically bring a demand for extra resource?

In short there is a reduced need for cost reduction with measures that, while offering a short term panacea, damage the organisation's ability to deliver service or generate revenue over the business cycle.

For many public sector organisations ABC can provide an ideal platform for the measurement of performance as attention is drawn both to the inputs and outputs of a given process.

For private sector organisations, ABC can provide the ideal vehicle for the discussion of new investment, particularly in a new business process or model where the rationale for that investment maybe revenue generation rather than solely for cost-cutting. This is particularly pertinent for IT expenditure which in the UK is not recognised as an asset and therefore is not necessarily correctly appraised as a investment to deliver improved top-line as well as bottom-line performance.

Conclusion

Activity Based Costing (ABC) and its associated techniques are a tried and trusted method for the improvement of organisational performance. They provide far greater insight into the the operational life of an organisation than financial or legaslative accounting structures. SAGE Coretime is an excellent tool for the timely and accurate capture of activity data into a repository that is ideally suited for the manipulation of this data into valuable management information.

See Coretime at www.onesys.co.uk or call our consultants on 0845 026 2255.

Ref: Activity Accounting – An Activity-Based Costing Approach by James A Brimson. Wiley ISBN 0-471-53985-6.

