

② Full Occupied



[MP
⊖ Vsc]

③ part Occupied;
part spare

Min TP

• gale @ VC

⊕

• occupied /
Sacrifice @

CMR

↓
Avg = TP

Max TP

• (MP - VSC)

⊕

• (Subst. Value

⊖

alth Cost)

TP deadlock

when $\text{Min TP} > \text{Max TP}$

NO Tsf possible

Goal Congruence exists

if Tsf is done
within the (max to min range)

Min TP

VC of the unit
Tfd. (Y)

(+)

Contribution Cost
of the unit
sacrificed. (X)

Qn

TP + limiting f

① Full Space Gp

min TP

VC of
unit to
Tfd

Max TP

(MP)
or
best
value

$\frac{2}{3}$

Part Spare /

No Spare

||

Min IP

VC of unit

Tfd

+

Cost lost
of unit
sacrificed

Max IP

MP or
Subst
val.

~~SP~~
SS

SI

Min TP > Max TP

✓ No Transfer is possible

If there is a range of TP i.e. Min TP To Max TP

for goal convergence use the range

VC + SC of cost

TP

= MP ✓

= Shared Cost
in + Cost

→ Total Cost's

Divide it in ratio
of Cost

┌──────────┴──────────┐

✓

✓

✓

• Min - Max
LP : Basics

• Min - Max
LP : limiting
factor.

• Methods
of LP :

• Dual rate +
two part LP.

Ch 4: Cost Mgmt Tech.

Cost Control &	Target Costing	Life Cycle Costing
Cost Reduction	Pareto Analysis	EMA: Env. Mgmt. Act's

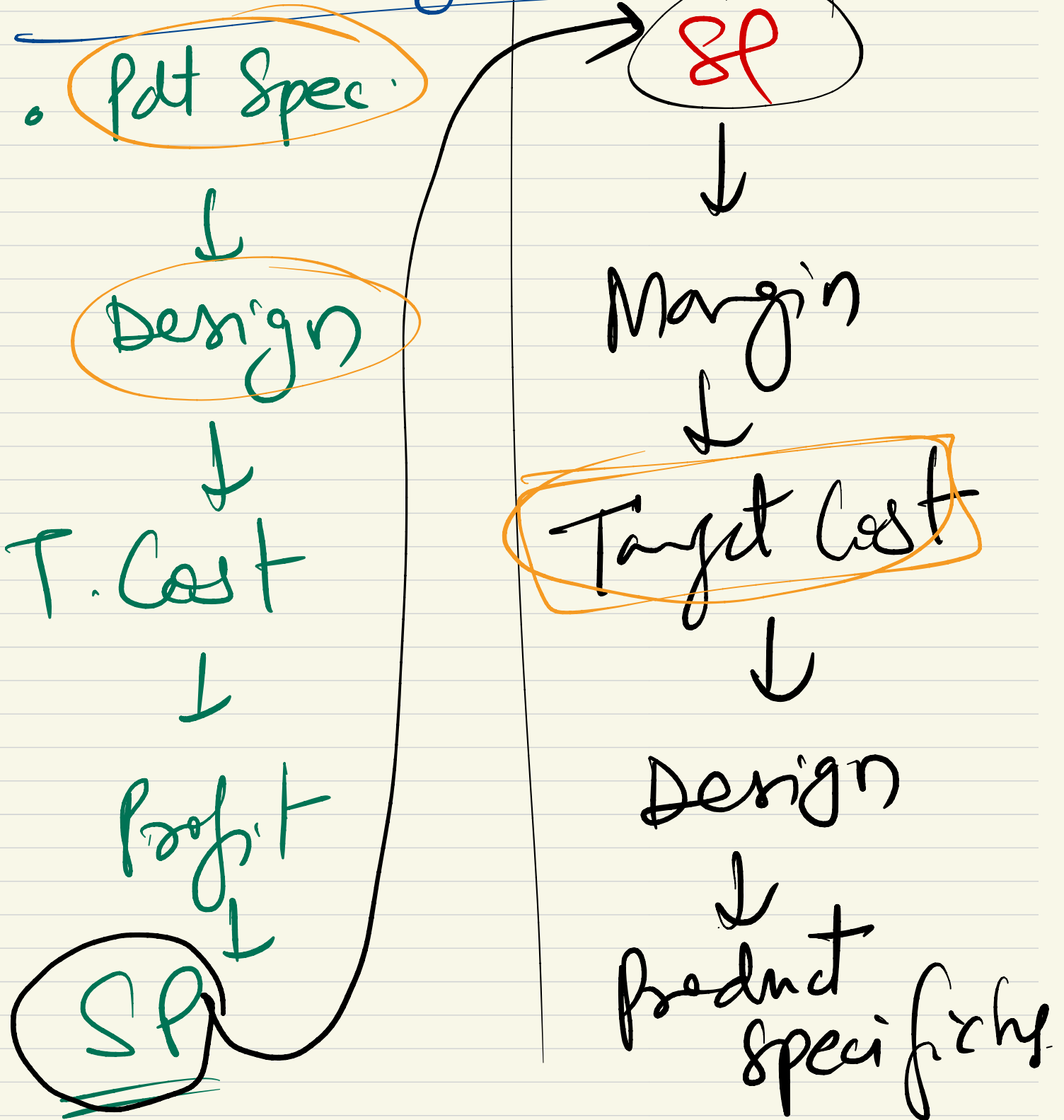
Cost Control / Reduction

① Compare actuals with standards	Real reduction
② Temporary	Permanent
③ Less dynamic	Full dynamic
④ Past behaviour of cost	Future behaviour
⑤ Preventive Measure	Corrective Measure.

Target Costing

Toll Costing

Target Cost



Features + Advantages

- Co. is price taker
- focus is on cost reduc'n.
- proper planning ahead of produc'n
- minimize Non-Value Added act.
- focusing on customer
- Attention to all stages of value chain.

VA

• Improved part design.

• Exclude unnecessary functions.

• Review material composition part.

VE

• Eliminate durability

• Use substitute parts

• Combine steps.

• Suppliers assistance

• Better way.

Pareto Analysis

- focus on most important aspects of decision making.
- 80:20 rule
- Helps to establish top priorities.

KEY: Quality Imp Prog
Customer selⁿ
- Employee selⁿ

Applic'n of Pareto Analysis

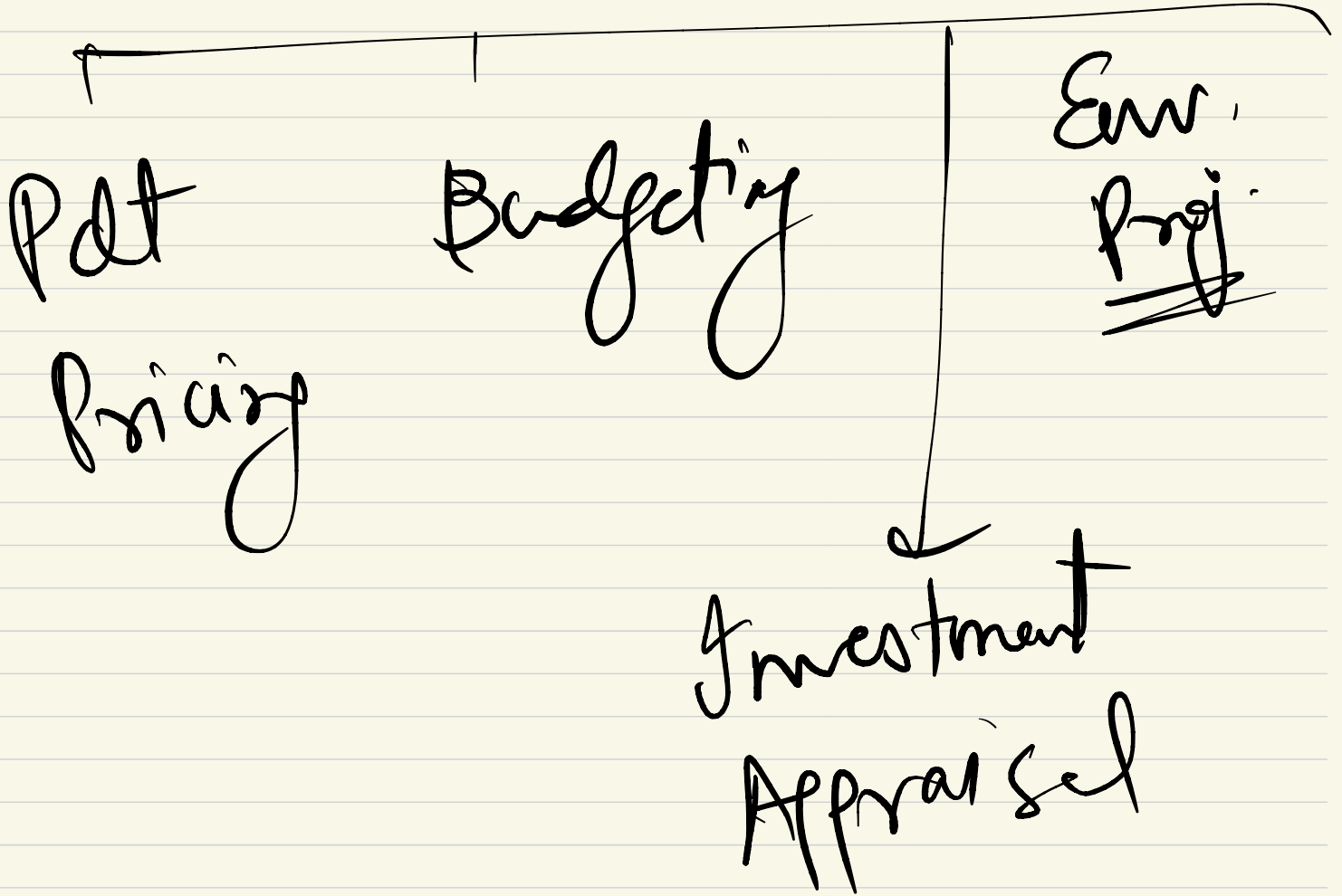
CPACK(Q)S

- Pricing
- Stock Control
- Activity Based Costing
- Customer Profit
- Quality control

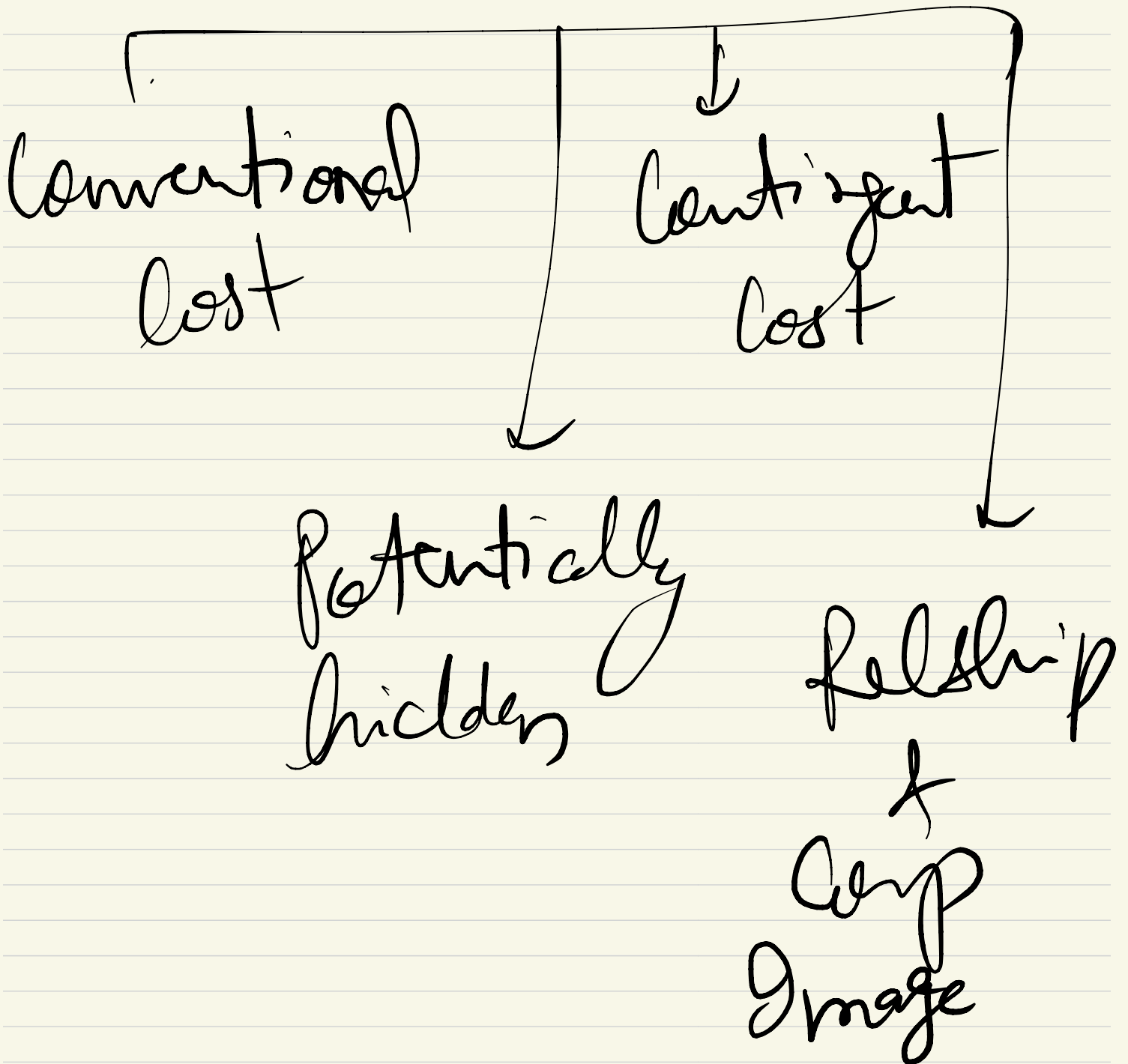
EMA : Environment Management Alc

- Collect'n & Analysis of
Env. cost.
- Identify Env sel
activities
- Best Mgmt Alc
practices

Areas of EMTA



Classify Sew Cost (USEP)



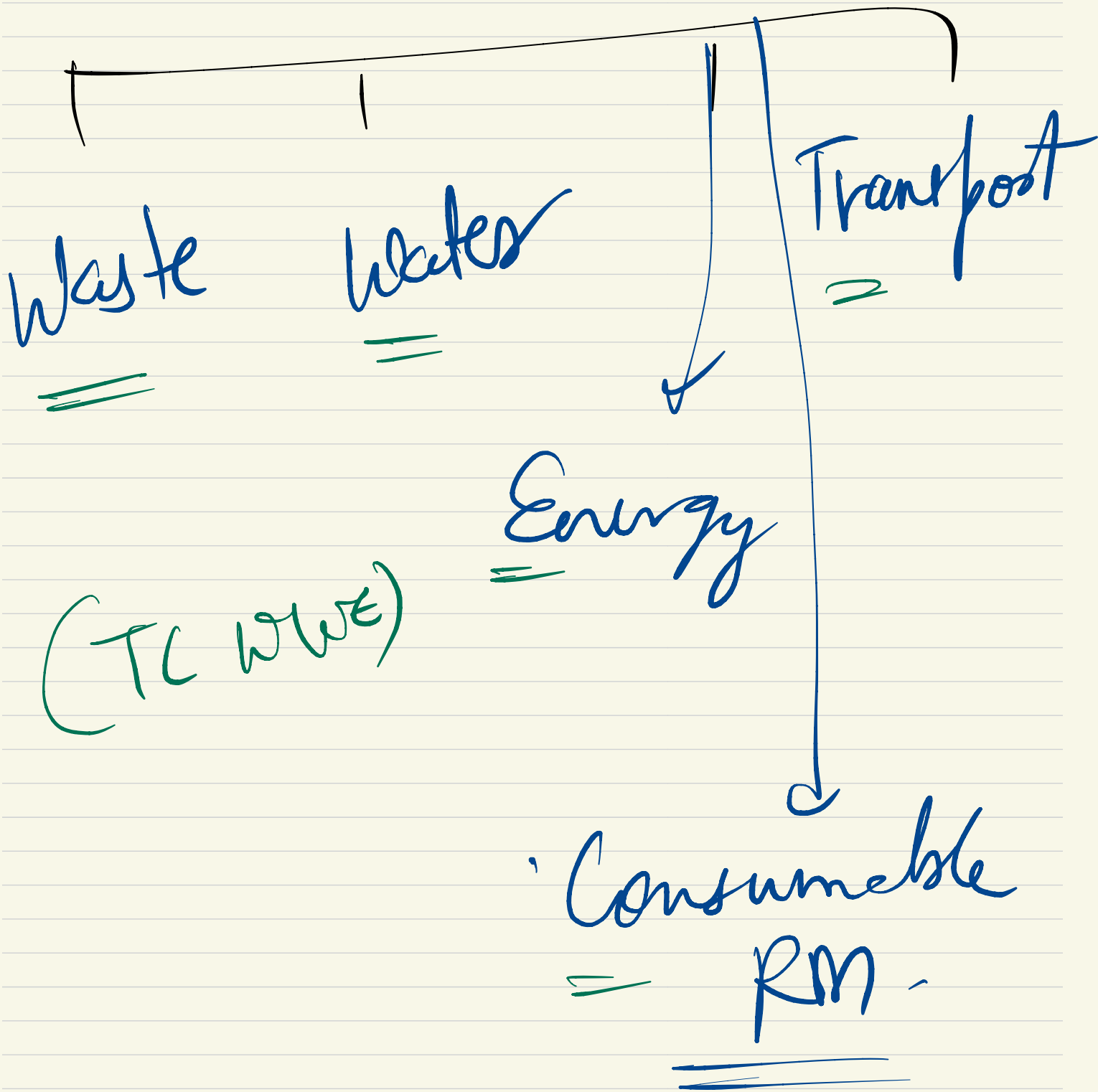
Types of Env Cost

<u>Env Policies</u>	<u>Env. Appr</u>	<u>Env gnt fai'</u>	<u>Env Ext. fai'</u>
• Policies • Pollution Control Sp.	• Audit of Env act. • Regulatory Compl.	Recycle law.	Clean up Cont. Soil.

Alc'g of EMA / Tech.

Input Output	Flow Cost Alc	Life Cycle Cost	<u>APC</u>
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Controlling Env. Cost



11:59 \leftrightarrow 12:06

Restart

Budgetary Controls

① CA Student
for. \Rightarrow Q1
(Kaizen)

② May'23 RTP \rightarrow Q3

Budgetary Control

Whatsapp :

9819 201473

feed back

Analysis of
Planned Output

Actual Output



Subsequent action



Future req'd
results.



feed fwd.

Forecast
actual &

planned

Out comes to

avoid any

future
differences



Reactive

Proactive

Detective

Preventive

focus on
Output

focus on
Input.

correct
input before
perf.

prevent
problems
before they
arise

Budget Slack

Purposefully making budget
easy to make it
achievable

Setting lower

Targets.

↑ high expectin
of Tgts

↓ Relaxed
attitude

3 Types of Alc mngers

Budget
Constr

Short
term
focus

Profit
Conscious

Profitability
&
Quality

Non
Alc

Non
fin
factory

DD → 4 Mg. Pz

Agile

↳

Adaptable

Eliminates

Bureaucracy

↳

rigid
controls

people

part.

Transparency