Suitable

Rapid changes in Industry

BPR

TQM

Principles of Adaptive Mgmt ⇒ (Beyond Budgeting)

leadership principles

C : Customer

O : Org'n Culture

V : Values

A : Autonomy

T : Transparency

P : Purpose

R : Business around
R : Rhythm & Events
R : Reward shared
R : Resources
T : Ambitious
targets
P : performance
Evalu'n
P : Plan &
P : forecast flexible

Q1 : Kaizen : CA St. Journal

P.Y. Rs. 4,59,37,500

2450 Bed Days
(7WD x 350 Beds)

= 18750 per bed per day

Actual op'n cost

→ Budget : 18500

CY Budget: 17020 per bed per day

$t_{(-1)}$ cost : 18750 → Base

⊖ 8%

17250

Actual cost (t_0): 463,54,000 / 2695 Bed/day (350 + 10%)

↓

17200 / Bed/pay 7WDX - 385 beds

Kaizen - Table :

Kaizen ↑

	Actual cost	Std cost	Kaizen Cost Base	Kaizen cost Redn Tgt.	Cost Tgt
t(-1)	18750	18500			
t_0	17200	17200	18750	1500	17250
t_1			17200		

Cost Redn Target 1550 (t1 - to of Actuals)

1500

Decision Making

↓

Cost

Relevant

Cost which changes with Δ in Decision Mkg.

Irrelevant

Cost which does not Δ with change in DM.

Relevant Cost

- Cost to be incurred xxx

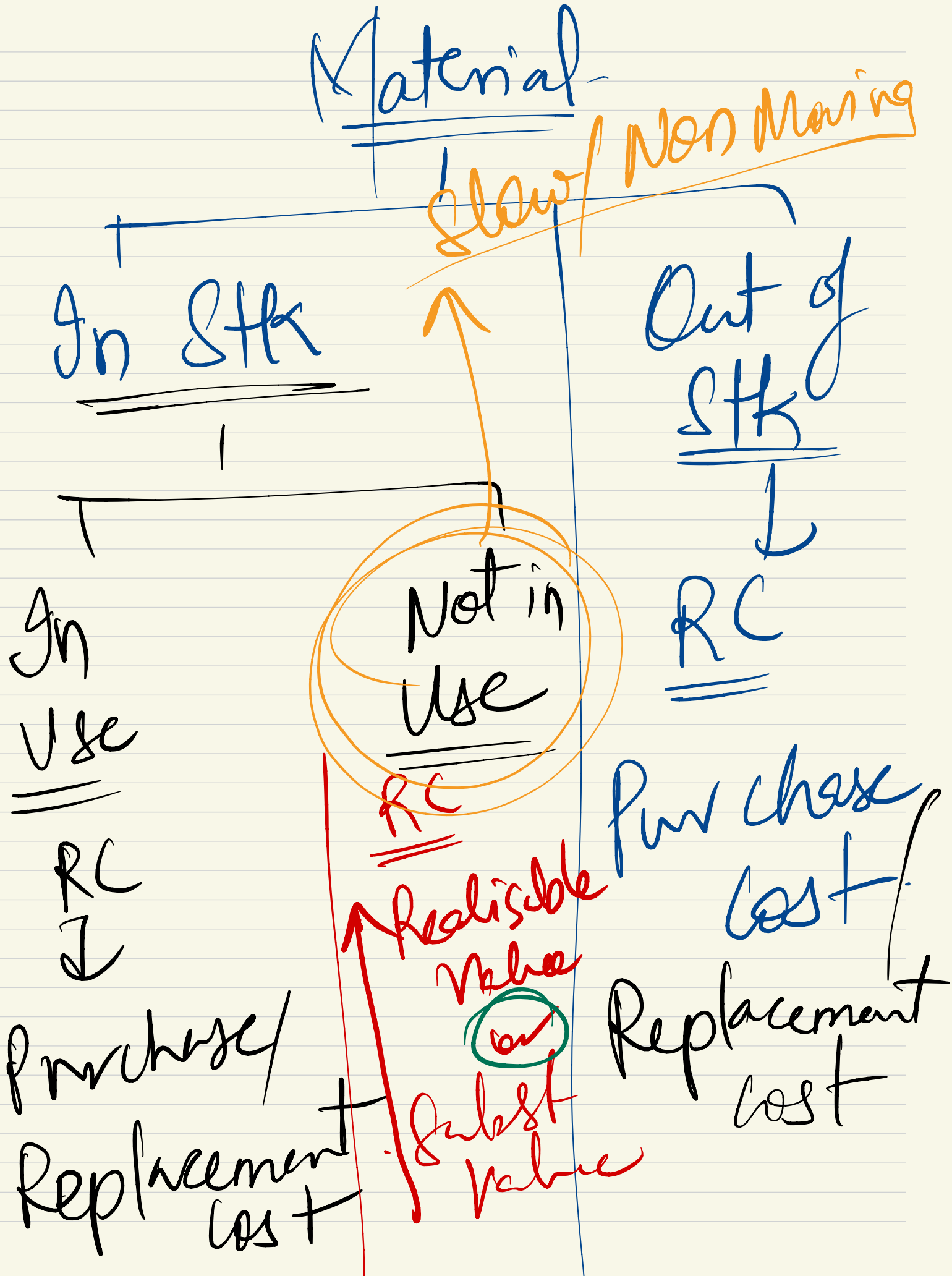
⊕ Benefit lost xxx

⊖ Benefit gain (xxx)

xxx

5 - Elements

- Material
- Labor
  - Fixed OH
  - Variable OH
- Machinery


Material
Slow / Non Moving
In Stk
Out of Stk
RC
In Use
RC
Purchase/ Replacement cost
Not in Use
RC
Realisable Value
or
Subst Value
Purchase cost
Replacement cost

* Toxic - Mat

↓

Disposal cost

=

Savings

=

Revenue

Labour

Casual

Normal

RC

cost to be one

Busy

RC

CTBI + Opp. cost

Permanent

Idle

RC

2 Nil

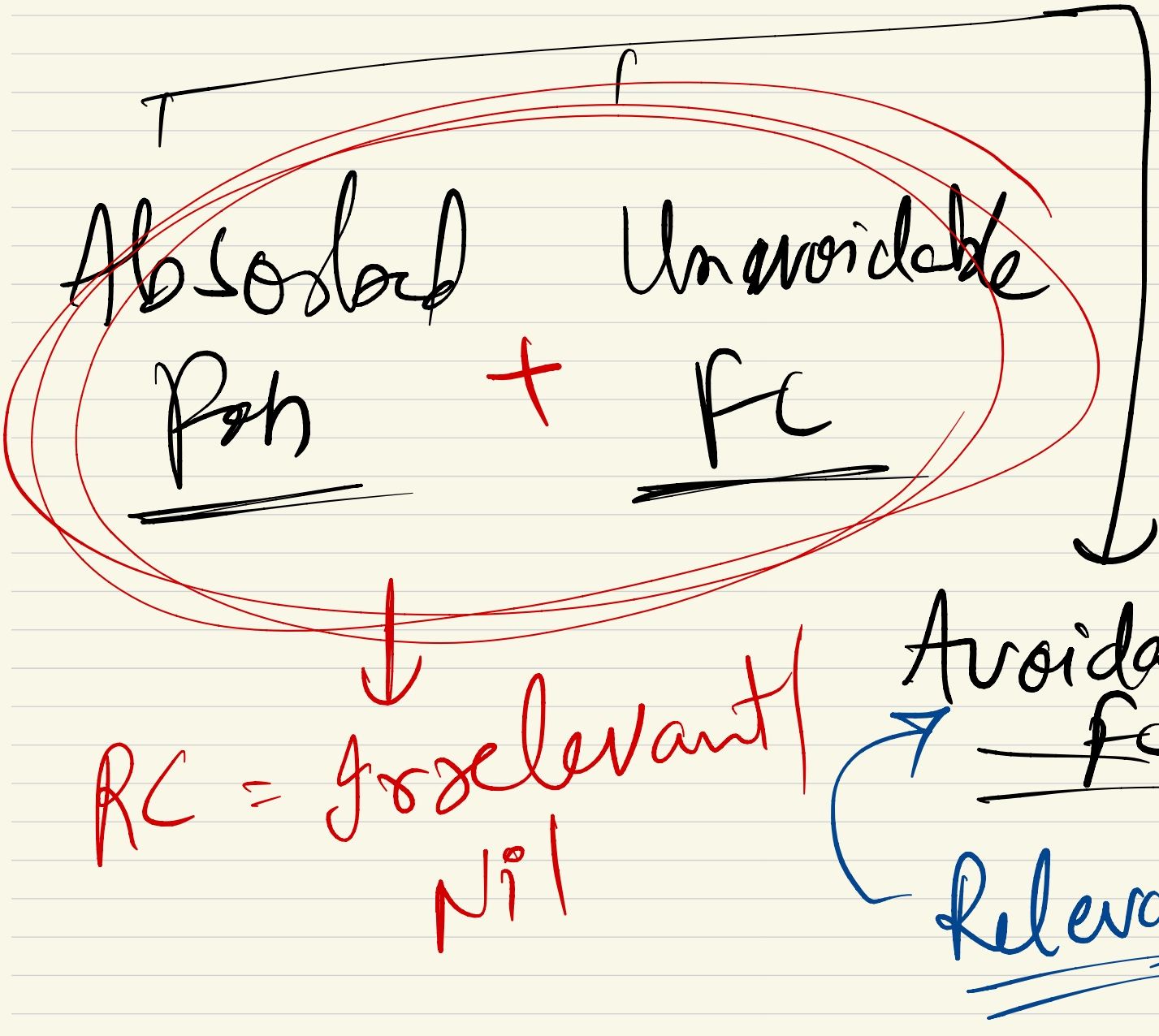
Busy

RC

Opp. cost

Voids → CTBI

Foids



Mach

In Use

RC = Diff of Replacement Cost

Not In Use

RC = Diff of Realisable Value

CVP

Sales

⊖ VC

= Cont

⊖ FC

NP

- P/V ratio = $\frac{\text{Cont}}{\text{Sales}}$
- BEP: $\frac{FC}{\text{Cont per pkt}}$
- MOS: $\frac{NP}{\text{Cont per pkt}}$

limiting factor

(lab hrs, machines...)

Cont'n per

Lf per

(Lu = ? lab hrs/machines)

CIP: Diff in FC

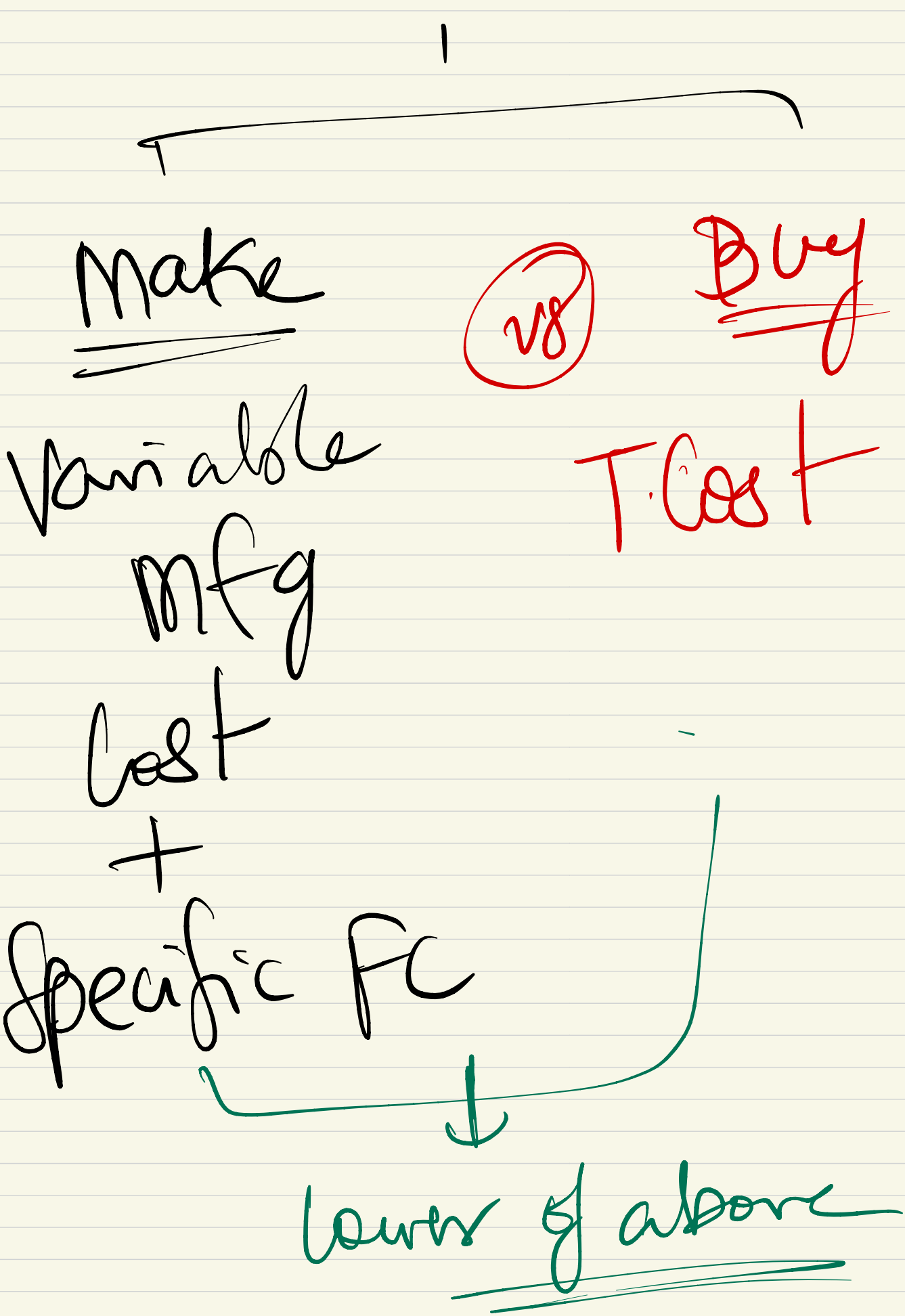
Diff in VC

more than CIP pdn : ↑ FC

less than CIP pdn : ↓ FC

Shut Down pt = (Present FC − FC if plant is shut down)

Cont. pu / PV ratio


Make
vs
Buy
Variable
Mfg
Cost
+
Specific FC
T. Cost
lower of above

Non financial considerⁿ

- Environment factors
- Staff Motivation
- Govt Regulations
- Resources
- Ethics
- CSR (Corporate Social Responsibility)

Ch: 2, 3, 4, 5,
8, 10, 11

Standard Costing

BM Size 100,000 u

(-)

AM Size: 120000 u

20,000u

× MKT Share 40%

8000u

× BSP

(F)

Budg MKT Share (%)

—

Act MKT Share (%)

↓

Act Sales AM Size

× Act. Sales

× BSP

Recon - ft.

Budg Profit xxx

(Budg Pdn x B.N.P pu)

{ Sales Margin Vol.
{ Sales margin Price.

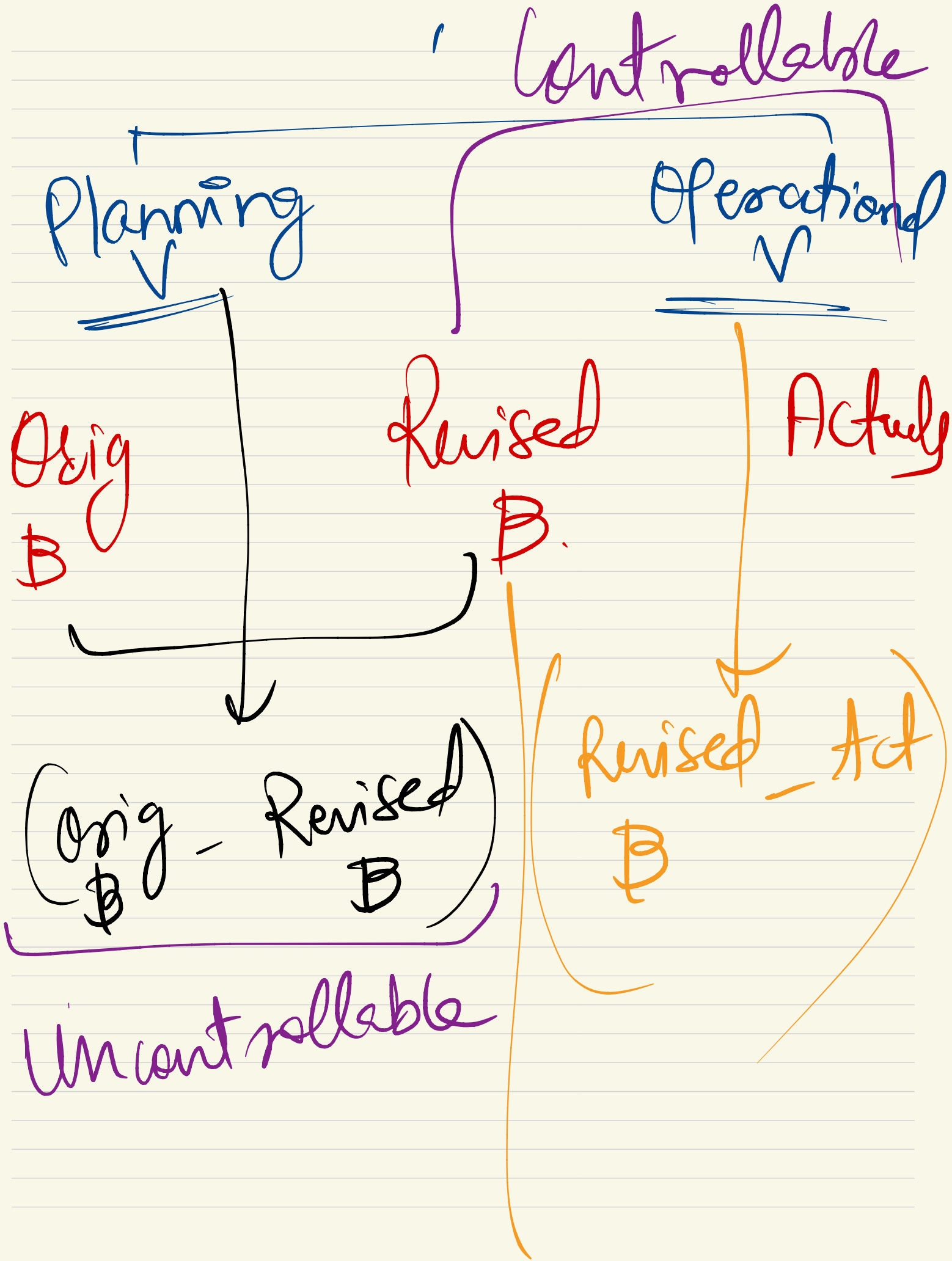
MCV

LCV

Von cost

Fixed Cost (Fon & Ap var)

Actual Profit- xxx


Controllable
Planning
Operational
Orig
B
Revised
B
Actuals
(Orig - Revised)
B
Revised_Act
B
Uncontrollable

If more than 1 Input

Operational

MPV

MUV

Planning Var

Price

Uncontrollable

Controllable

Std Costing with ABC

Mat. SR: Rs 20/kg.

Mat. SQ: 0.5kg/unit

Act. Cost = Rs. 940,000/-

A. Qty : 48000 kg

Actual prdn = 80,000 u

ABC

Kitna Qty chahiye thha

Kitna Qty consume thaa

Efficiency

(80,000 × 0.5kg(u)

= 40,000kg

− 48000kg

8000kg

× 20/kg

160000 (A)

Expenditure

(20 − 19.58)

× 48000/940000 kg / 48000kg

20160 (F)

per Qty kitna cost lagna chahiye thha

Pricing Policy

Price Customization

- Pdt line
- Customer's past behaviour
- Demograph

Fine Differential

Q3: RTP - May 23

X

Mat A

5u @ 20/u

Rs. 100

Mat B

4u @ 10/u

Rs. 40

+

= Rs. 140/u

VC Rs. 25/u

Rs. 165/u

- 7.5% mat (scrap & Defective)

- Cust. @ 1%
  Return

2021

5500 (Am. Cust.)

1%

95

5555

6005 u - 7.5%

= 5555 Def.

600 S

① 7.5% Def. ✓

555

① 1% CR ✓

500 ✓

2022

6500 Cust.

+ 250 u Cust Ret

6750 u Pdn.

750 u Work

750 u Defective

→ 250 u → External

→ 750 u → Int f.

2022

Int f: 750u @ 16s/u

✓

Ext f: 2500u @ 16s/u

✓

2023

6500

+ 40 Cust Ret.

6540 Pdn → Cust.

7000 u Work

460 defective

460 Int @ 165: 75900

40 : Ext @ 165: 6600

Kanban:

Safety Stock + Lead Time req

3d + 1d

= 4d x 200/d

= 800 e/day

$$\frac{1200u}{6d} = 200u/day$$

Consumption

$$C \times LT \times 2 \times SF$$

Kanban size = $C \times L \times (1+T) \times Sf$

How much units to be stored in the box

$200 \times 1 \times 2 \times 1$

$= 400$ u

No. of Kanban req $= \frac{800}{400} = 2$

Tips for Exams

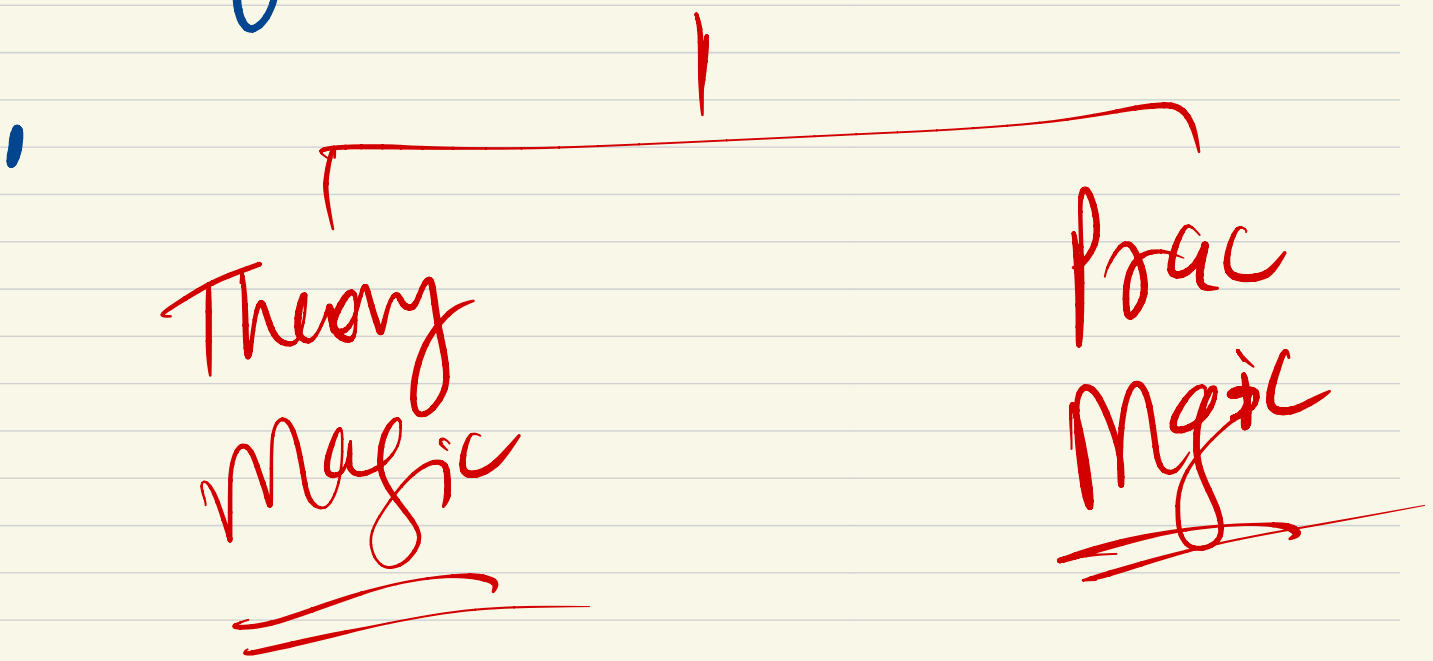
- Dont attempt Case Study as first Qn.
(Unless same CS + confidence)

- Try to cover 50 mks. first, which you know Totally.

- Short forms = Yes.
  CSS → Style.
- Speed maintain
  Attempt 100 mks.
- Must Do mp Qns
  Video.
- Dont get Stuck in a particular Qn.

- Just Before sleep, go thru these notes.

- You can write Theory in own words but with key points/ key words.



Case-Study (format)

1. Issue
2. Concept.
3. Concept Explain with case linking
4. Recommendation (positive + Negative)

- PME (Marathon Videos)

- Ch 1 / 10

(Video Magic)