Presentation of ABM/ ABB at the ICCO Council

Activity Based Costing / Activity Based Management

Mike Mann FFA;MBA;CMC;MIoD

Incorporated Financial Accountant | International Economic Development Consultant

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Presentation of ABM/ ABB at the ICCO Council

Cómo te va?

Bien, gracias

Ce mai faci?

Bine, mulțumesc

How are you doing?

Comment ca-va?

Très bien, merci

Как у тебя дела?

Хорошо, спасибо

Come stai?

Bene, grazie

Habari za kufanya?

Faini, Asante

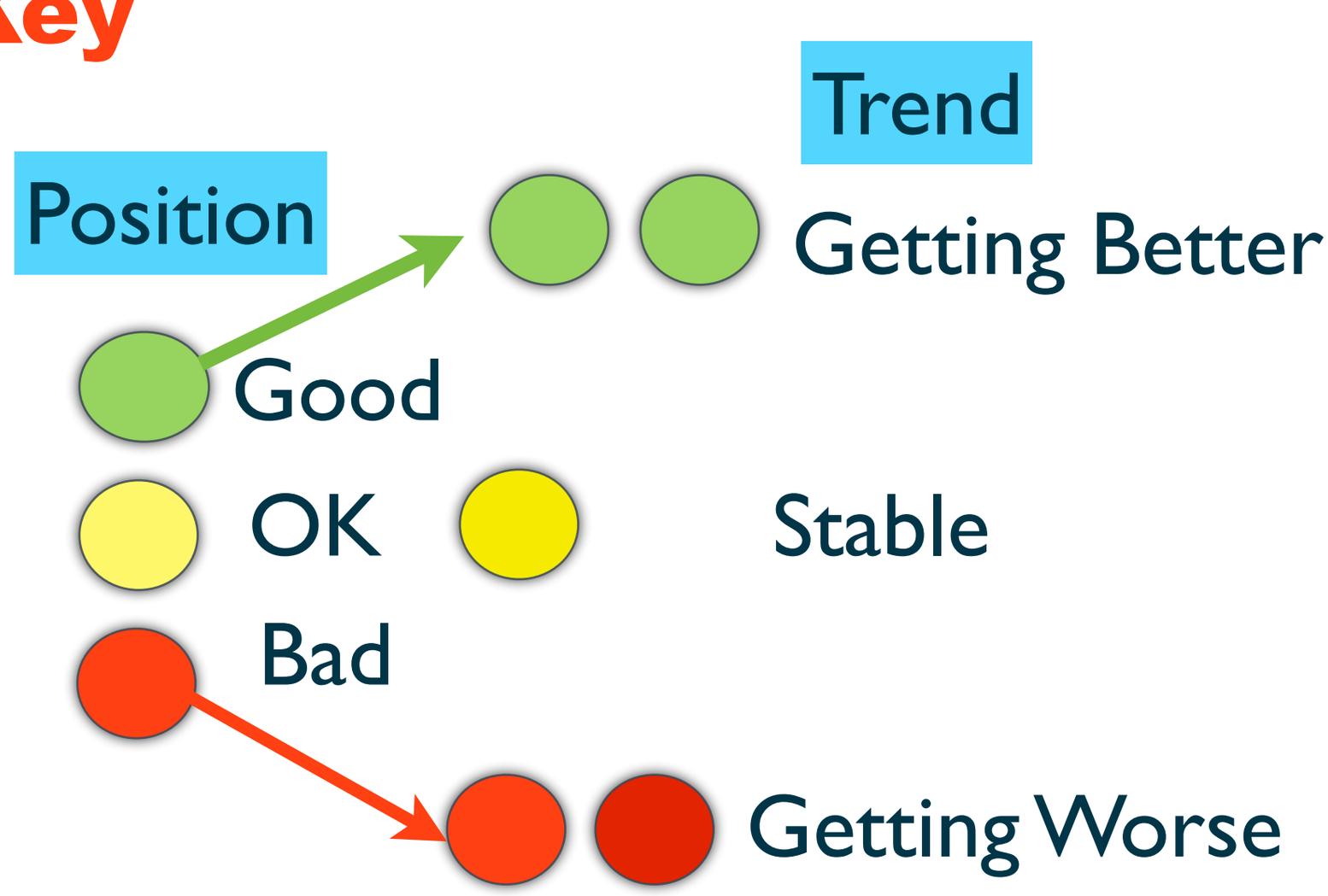
How are you doing?

What is your actual position and trend with regard to each of your Key Indicators?

Presentation of ABM/ ABB at the ICCO Council

What is your actual position and trend with regard to each of your Key Indicators?

"The Governance Question"



How are you doing?

How you answer will tell me:

- Should I trust you?
- Should I like you?
- Should I work with you?
- Should I lend you money?
- Should I vote for you?
- Should I invest in you?

No satisfactory answer?

- Civil war in Egypt;
- Civil and maybe real war in Syria;
- Riots in Tahrir Square;
- Riots in Taksim Square;
- The Scottish National Referendum on separation from UK;
- The Basque Separatist Movement's desire to be independent from Spain;
- The UK referendum on Europe.

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Today's goal

My speciality

To demonstrate how to give a satisfactory answer to the question – Every time

Presentation of ABM/ ABB at the ICCO Council

Improving the performance monitoring of SOEs and Parastatals in the Republic of Mauritius

Office of the Prime Minister

OFFICE OF PUBLIC SECTOR GOVERNANCE (OPSG)

Why?

15 Ministries

45 Municipalities

150 State Owned Enterprises

Parastatal Entities

350 entities

How?

Financial Indicators

Market Indicators

Manpower Indicators

Operational Indicators

Project Indicators

5 Municipalities

Presentation of ABM/ ABB at the ICCO Council

Improving the performance monitoring of SOEs and Parastatals in the Republic of Mauritius

Presentation of ABM/ ABB at the ICCO Council

Financial Accountant

Cost Accountant

Cost Accountant

£4.99 / 100 Gm

53 spoonfuls

1 spoonful per cup

50 cups of coffee

Cost price of one coffee = £4.99 / 50 = 10p

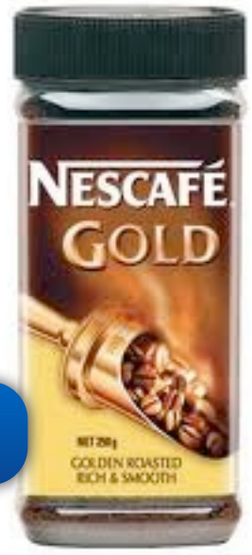
One Coffee	
Selling Price	£1.00
Cost Price	£0.10
Gross Profit	£0.90

One Thousand per Month	
Selling Price	£1,000
Cost Price	£100
Gross Profit	£900

Financial Accountant

Opening Coffee Inventory	£80
+ Coffee Purchased	£200
- Closing Inventory	£170
Value of Coffee Consumed	£110

Cost Accountant



Accurate

For Control

One Thousand per Month	
Selling Price	£1,000
Cost Price	£110
Gross Profit	£890

Quick

Decision Making

One Thousand per Month	
Selling Price	£1,000
Cost Price	£100
Gross Profit	£900

Situation Analysis

A great deal of time is spent debating the budget, and the performance

This is an indicator that an unsatisfactory answer is being given to the question. – Why?

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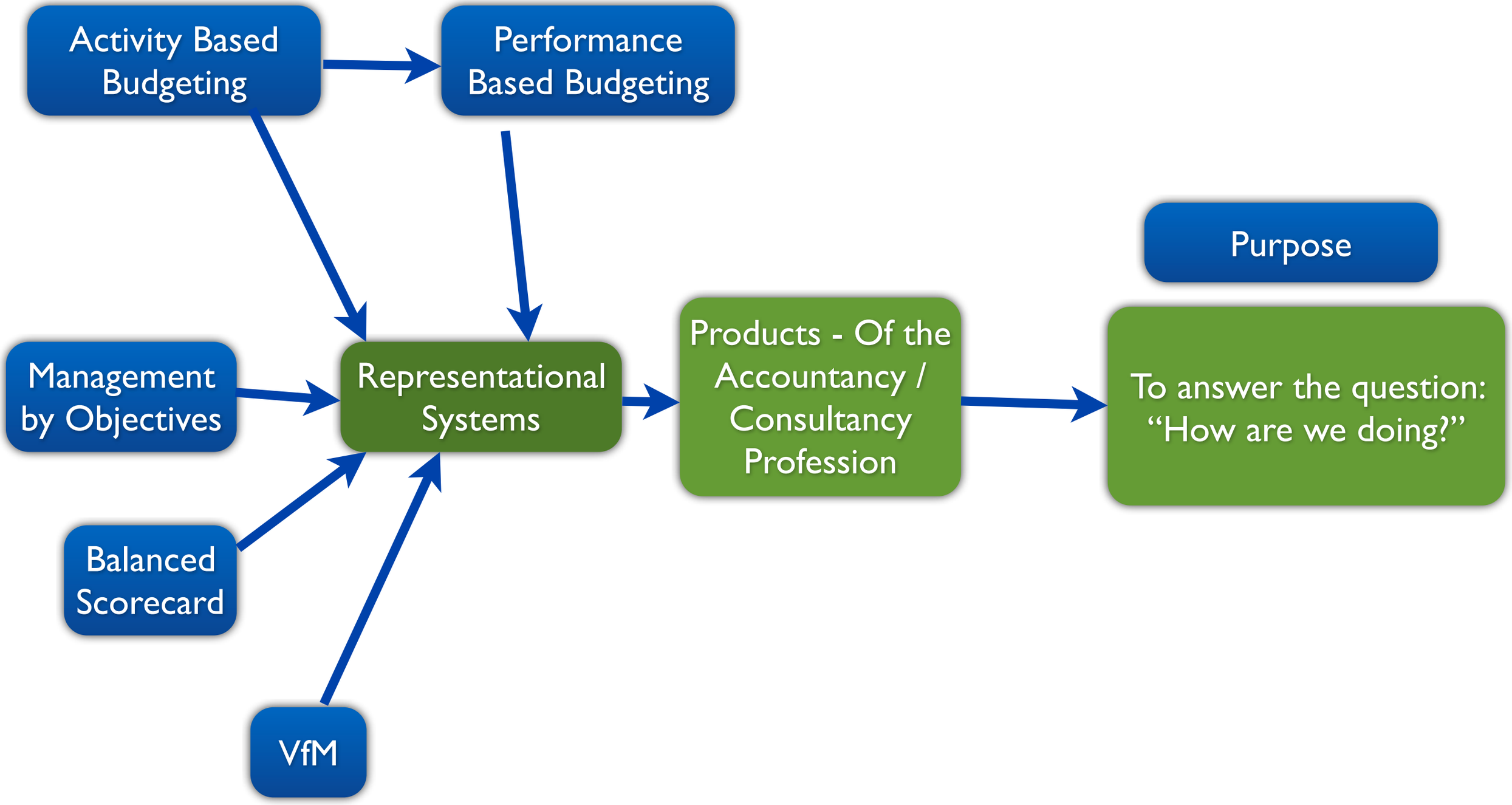

Income				
Member Contributions				
Exporting Member Countries	£	1,098,750	1,098,750	
Importing Member Countries	£	1,098,750	1,098,750	
Total Member Contributions	£	2,197,500	2,197,500	
Income from ICCO Activities				
Bank Interest	£	13,500	6,500	
Sale of Publications	£	20,000	40,000	
Interest	£	40,000	15,000	
Other Income	£	5,000	-	
Total Operating Income	£	78,500	61,500	
Total Income		**2,276,000**	**2,259,000**	
less				
Direct Costs	£	-	-	
Contribution to Overheads	£	2,276,000	2,259,000	
Overheads				
Personel	£	1,652,600	1,760,800	
Accomodation	£	321,300	222,000	
Office Expenses	£	90,500	89,100	
Travel	£	66,000	80,000	
Meetings	£	105,900	95,100	
Hospitality	£	4,200	4,200	
Audit Expenses	£	14,000	12,000	
Foreign Exchange Gain / (Loss)	£	-	-	
Contingency	£	11,400	15,000	
Total Overheads	£	2,265,900	2,278,200	
Surplus / Deficit for Year	£	10,100	(19,200)	
Cumulative Surplus / (Deficit)				

Income Statement

ICCO Activity Based Budgetting System

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		Budget		Actual		Surplus / (Deficit		Prcentage	
		2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14
Income									
Member Contributions									
Exporting Member Countries	£	1,098,750	1,098,750					48%	49%
Importing Member Countries	£	1,098,750	1,098,750					48%	49%
Total Member Contributions	£	2,197,500	2,197,500	2,216,140		18,640		97%	97%
Income from ICCO Activities									
Bank Interest	£	13,500	6,500	16,294		2,794		1%	0%
Sale of Publications	£	20,000	40,000	24,759		4,759		1%	2%
Interest	£	40,000	15,000	38,348		(1,652)		2%	1%
Other Income	£	5,000	-	5,000		-		0%	0%
Total Operating Income	£	78,500	61,500	84,401	-	5,901	-	3%	3%
Total Income		**2,276,000**	**2,259,000**	**2,300,541**	-	**24,541**	-	100%	100%
less									
Direct Costs	£	-	-	-	-	-	-	**0%**	**0%**
Contribution to Overheads	£	2,276,000	2,259,000	2,300,541	-	24,541	-		
Overheads									
Personel	£	1,652,600	1,760,800	1,619,310		(33,290)		73%	77%
Accomodation	£	321,300	222,000	325,467		4,167		14%	10%
Office Expenses	£	90,500	89,100	93,717		3,217		4%	4%
Travel	£	66,000	80,000	65,437		(563)		3%	4%
Meetings	£	105,900	95,100	123,194		17,294		5%	4%
Hospitality	£	4,200	4,200	3,742		(458)		0%	0%
Audit Expenses	£	14,000	12,000	13,370		(630)		1%	1%
Foreign Exchange Gain / (Loss)	£	-	-	-		-		0%	0%
Contingency	£	11,400	15,000	11,400		-		1%	1%
Total Overheads	£	2,265,900	2,278,200	2,255,637		(10,263)		100%	100%
Surplus / Deficit for Year	£	10,100	(19,200)	44,904	-	34,804	-		
Cumulative Surplus / (Deficit)									

ICCO Activity Based Budgetting System

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Less						
Direct Costs	£	-	-	-	-	-
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Overheads						
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Budget - Econometric Modelling of the Cocoa Market - Bali, Indonesia

ICCO Activity Based Budgetting System

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	Unit	Quantity	Unit Cost	Sub-Total	Contingency	Total Cost		Source of Financing: Host Gov	Source of Financing: ICCO
A - Local Logistics									
Rental of Seminar Venue	Days	5	1,000	5,000	250	5,250		5,250	
Day Package (2 cocoa breaks + 1 Lunch for 5 days) 100 prticipants for 5 days	Days	500	70	35,000	1,750	36,750		36,750	
Workshop dinner for 100 guests	No	110	80	8,800	440	9,240		9,240	
B - ICCO Costs									
Travel costs for expert trainers	No	2	3,000	6,000	300	6,300			6,300
DSA for expert trainers	Days	14	300	4,200	210	4,410			4,410
Honorarium for expert trainers	Days	10	1,500	15,000	750	15,750			15,750
Travel costs for representatives of ICCO Secretariat	No.	4	3,000	12,000	600	12,600			12,600
DSA for representatives of ICCO Secretariat (2 persons x 7 days)	Days	28	300	8,400	420	8,820			8,820
Training materials and stationary	Lump Sum	1	10,000	10,000	500	10,500			10,500
Total				**104,400**	**5,220**	**109,620**	-	**51,240**	**58,380**
C- ICCO Overhead Contribution - (15% of total cost)				15,660	783	16,443	-		16,443
GRAND TOTAL (A+B+C)				**120,060**	**6,003**	**126,063**	-	**51,240**	**74,823**

Presentation of ABM/ ABB at the ICCO Council

Income Statement

ICCO Activity Based Budgetting System

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Cumulative Surplus / (Deficit)									

Presentation of ABM/ ABB at the ICCO Council

Strategic Plan

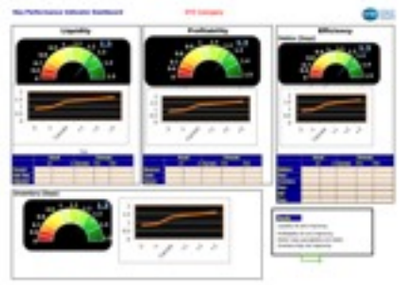
Action Plan

Log Frame

Budget

Timetable

Definition of Indicators and Benchmarks



Reports

Dashboards

Activity Based Budgeting

Performance Based Budgeting

Management by Objectives

Balanced Scorecard

VfM

Representational Systems

Products - Of the Accountancy / Consultancy Profession

To answer the question: "How are we doing?"

Key Performance Indicator Dashboard

XYZ Company

Liquidity

Year

	Actual		Forecast		
	-2	-1	Current	+1	+2
Current					
Acid Test					
Adjusted					

Profitability

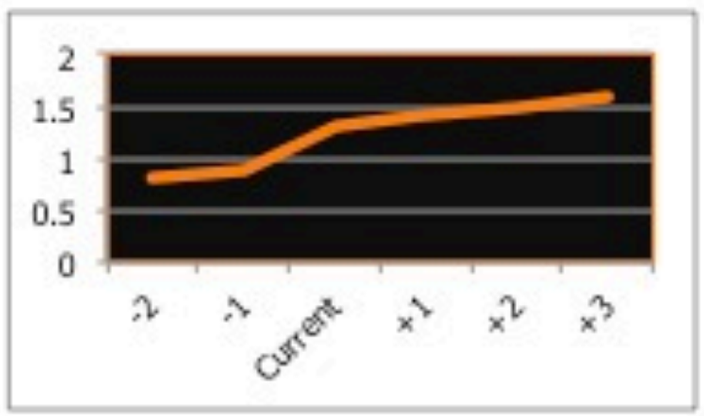
	Actual		Forecast		
	-2	-1	Current	+1	+2
Revenue					
Costs					
Surpus					

Efficiency

Debtor (Days)

	Actual		Forecast		
	-2	-1	Current	+1	+2
Debtors					
Days					
Inventory					
Days					
WIP					
Days					

Inventory (Days)



Results

Liquidity OK and improving

Profitability OK and Improving

Debtor days aacceptable and stable

Inventory high but improving

MERCEDES
BENZ

Presentation of ABM/ ABB at the ICCO Council

Strategic Planning Process

Strategic Plan

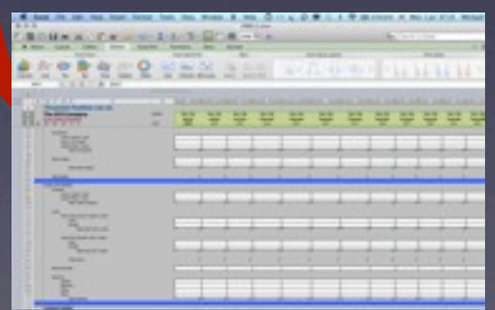
Strategic Plan Benchmarks

Financial Indicators

Operational Indicators

Monitoring

Reporting



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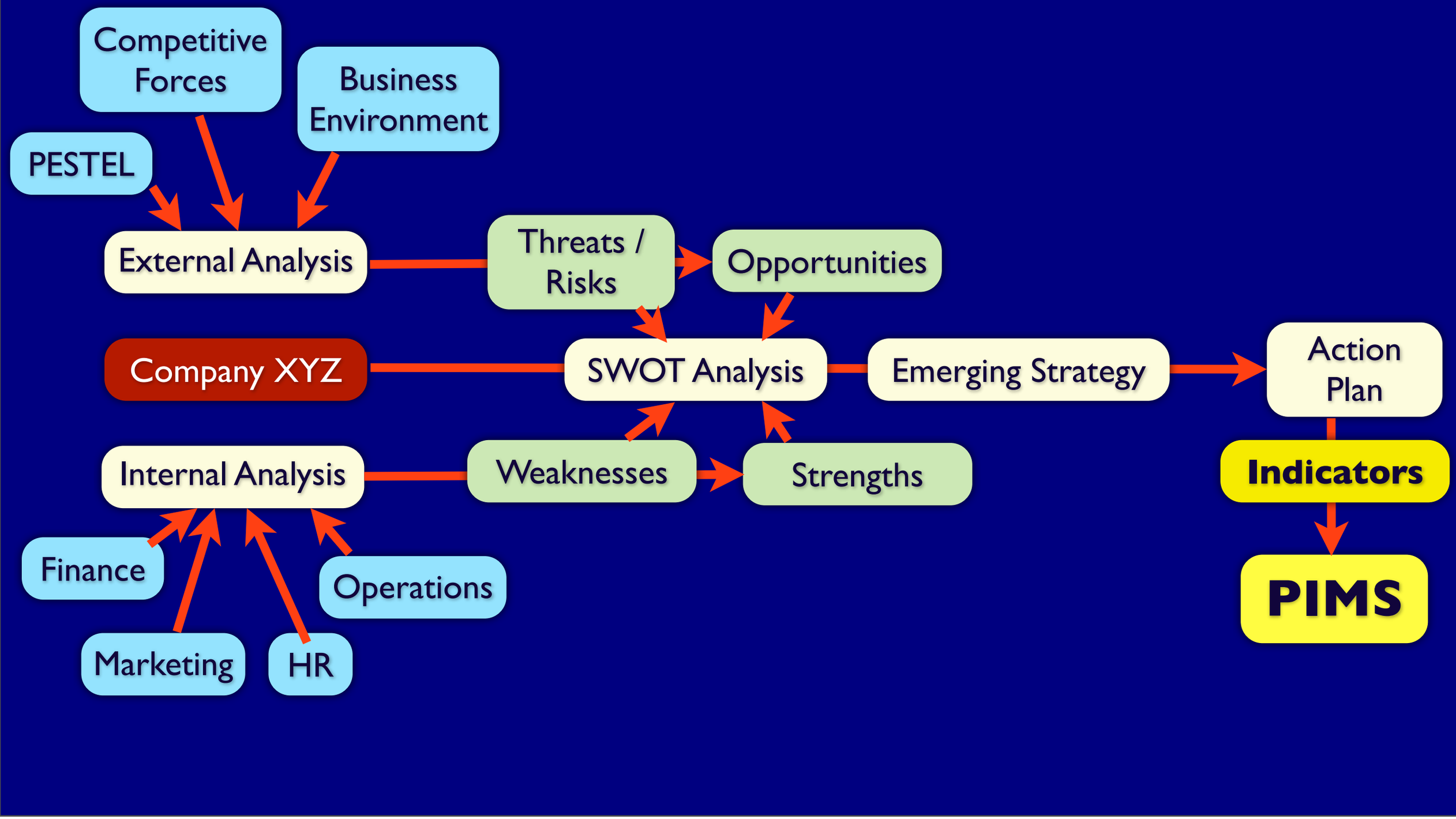


Presentation of ABM/ ABB at the ICCO Council

Log Frame

Budget

Gantt Chart

Strategic Plan

- AWP 1
- AWP 2
- AWP 3
- AWP 4
- AWP 5

Implementation

Global Co-ordination

- Strategic Planning and Analysis
- Stakeholder Dialogue
- Financial & Economic Modelling
- Statistics, Studies & Data

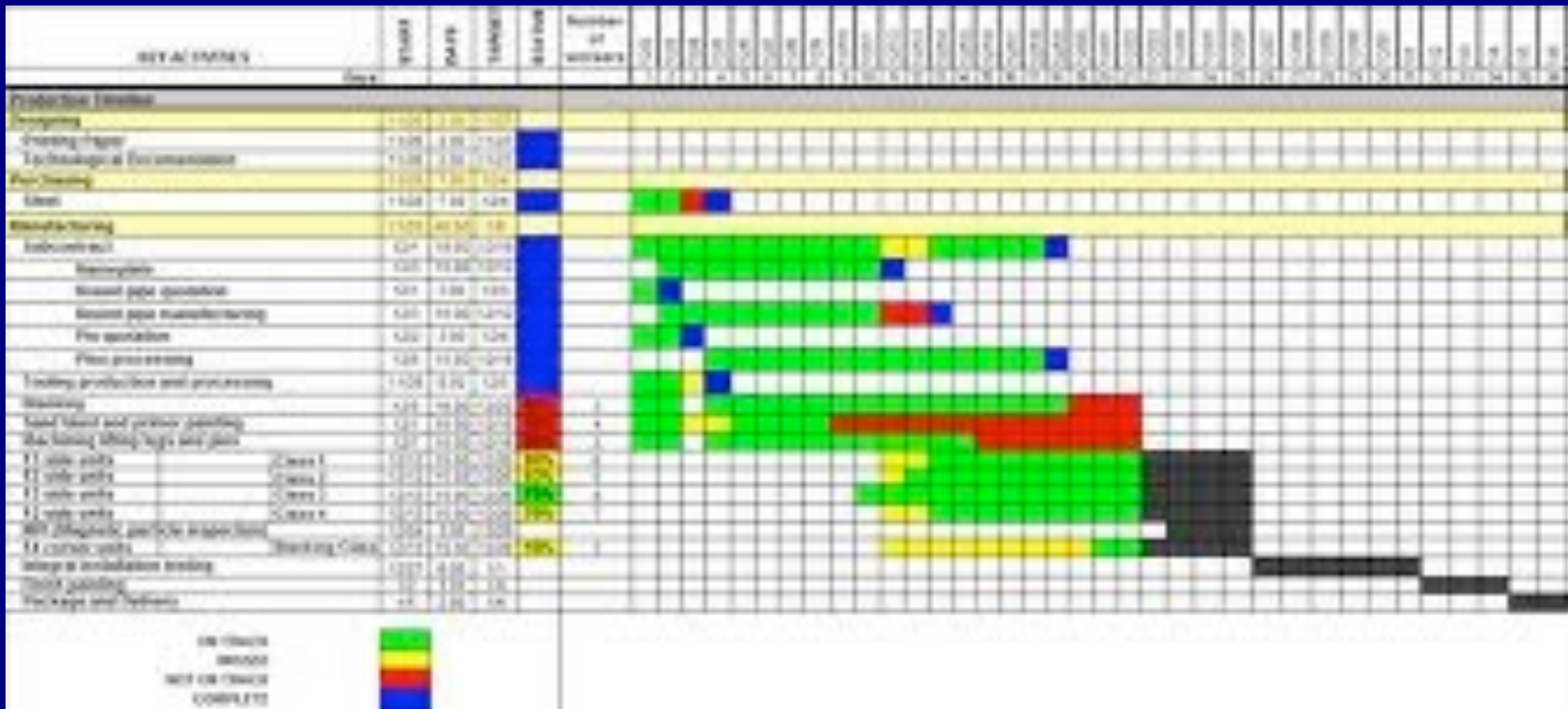
National

- National Strategies
- National Cocoa Development Plans
- Farm Models
- Community Development Plans
- Financial Tools
- Best Practice Benchmarking

Presentation of ABM/ ABB at the ICCO Council

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	CONDITIONS / ASSUMPTIONS
OBJECTIVE				
1	To create a comprehensive but practical reporting system which monitors the performance of SOEs and Parastatals	Full Dashboard Monitoring	On-Line	System can not be too ~~obnerous~~ or SOEs won't use it
2	To create a system which is a useful tool for the managers of SOEs and Parastatals as well as for the OPSG	Enterprises and OPSG use the same system	On-Line	
PURPOSE				
1	To improve the performance of public sector organisations for an effective support to the country's economic and social development	Early warning system Transparent public sector reporting	On-line	
EXPECTED RESULTS				
1	Periodic Monitoring Visits in standardised format	Monitoring Reports on PIMS	PIMS Output	After PIMS Upgrade
2	Quick Scans in standardised format	Quick Scans on PIMS	PIMS Output	
3	SOEs are providing SBRs in standard format	SBR Indicators on PIMS		
4	Capability developed in financial modelling	Standard forecasts	Forecasts with SBRs	After PIMS Upgrade
5				
	PIMS Handles non-financial data	Non-financial data sheets	PIMS ~~QUtput~~	
ACTIVITIES				
1	**Introduction of Periodic Monitoring**			
1	1 Development of Periodic Monitoring Template	Monitoring template available	EU Project output	The process of annual monitoring review is adopted by OPSG and
1	2 Pilot testing of monitoring template	3 enterprises monitored	Monitoring Reports	
1	3 Development of Monitoring programme	Monitoring schedule	Published Programme	

Presentation of ABM/ ABB at the ICCO Council



Implementation

Presentation of ABM/ ABB at the ICCO Council

Management

Introduce Standard Budget Request Format

Translate the Action Plan into Activity Budgets

Accountant / Consultant

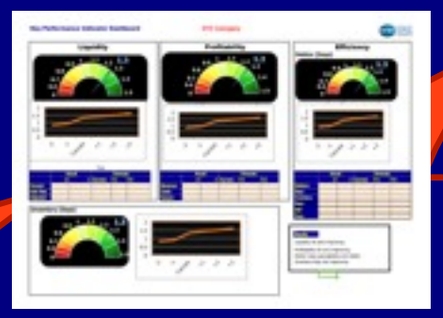
Set up Additional Account Codes

Chart of Accounts

Introduce Activity Codes

Design Output Reports and Dashboards

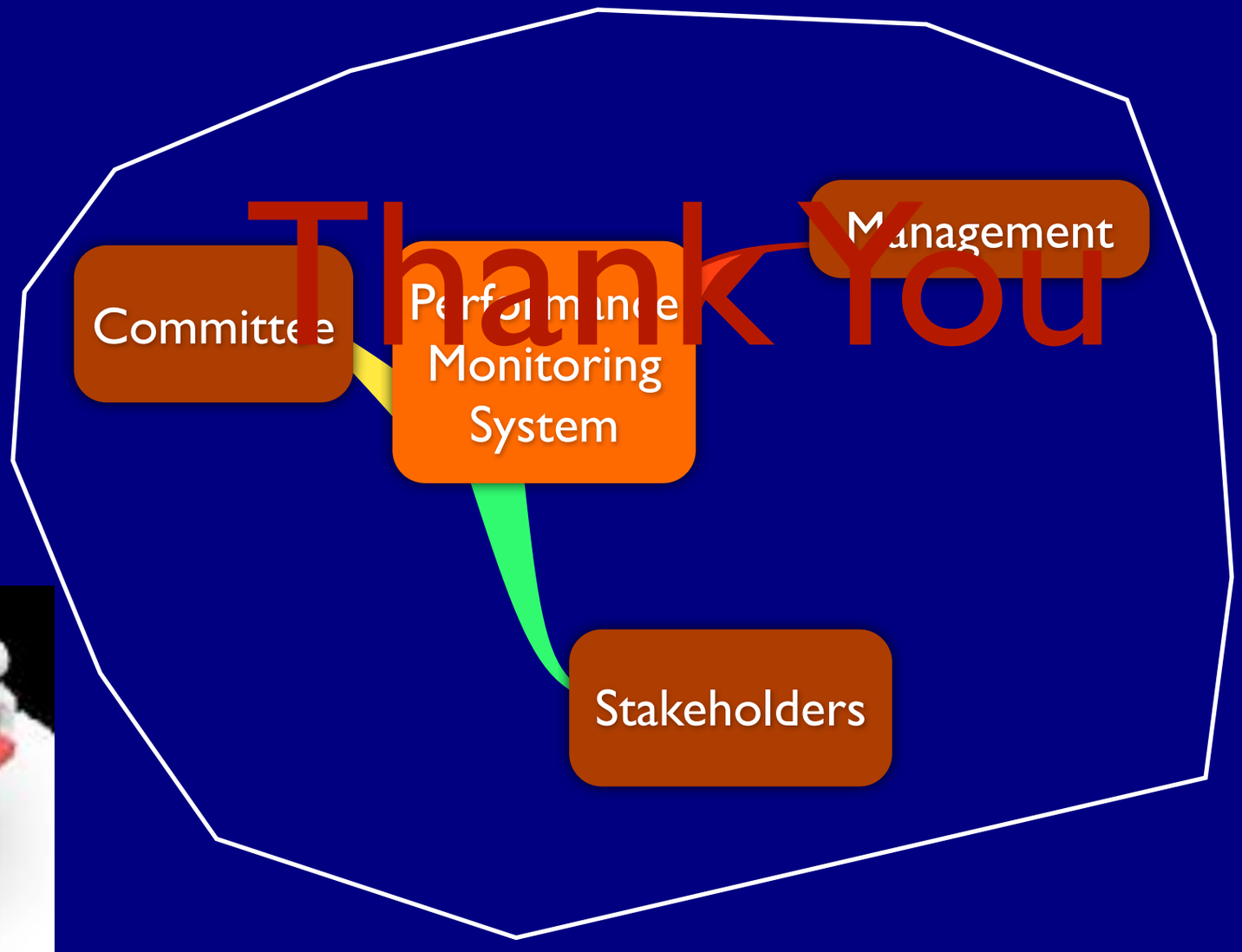
Accounting System



Accounts

Presentation of ABM/ ABB at the ICCO Council

Team



Thank You