DOWNLOAD PDF HOW TO CONTROL COST FOR PROFIT AND PERFORMANCE

Chapter 1 : Revenue And Costs Control and Evaluation | Accounting, Financial, Tax

Feb 15, Â· Here are 5 ways to control costs. 1) Renegotiate all contracts annually. For whatever reason, American businesses presume that multiple year contracts will result in lower costs.

Published online Feb 1. Received Aug 25; Accepted Jan 9. Abstract Background Fiscal constraints faced by U. There naturally arises the question of how this finance-driven management culture could affect the quality of care. This paper attempts to determine whether the process measures of treatment quality are correlated with hospital financial performance. Methods Panel study of hospital care quality and financial condition between and for cardiovascular disease treatment at acute care hospitals in the United States. Process measures for condition-specific treatment of heart attack and heart failure and hospital-level financial condition ratios were collected from the CMS databases of Hospital Compare and Cost Reports. Results There is a statistically significant relationship between hospital financial performance and quality of care. Hospital profitability, financial leverage, asset liquidity, operating efficiency, and costs appear to be important factors of health care quality. In general, public hospitals provide lower quality care than their nonprofit counterparts, and urban hospitals report better quality score than those located in rural areas. Specifically, the first-difference regression results indicate that the quality of treatment for cardiovascular patients rises in the year following an increase in hospital profitability, financial leverage, and labor costs. Conclusions The results suggest that, when a hospital made more profit, had the capacity to finance investment using debt, paid higher wages presumably to attract more skilled nurses, its quality of care would generally improve. While the pursuit of profit induces hospitals to enhance both quantity and quality of services they offer, the lack of financial strength may result in a lower standard of health care services, implying the importance of monitoring the quality of care among those hospitals with poor financial health. EMH Regional Medical Center formerly known as Elyria Memorial Hospital says it generates nearly half its profit from cardiac servicesâ€¦ And some local insurers agree that the Elyria hospital provides high-quality care. Many policymakers began to advocate for market-based healthcare systems, in which hospitals have the freedom to set the quantity and quality of service delivery. However, there is a growing concern that the profit driven motives of hospitals may do more harm than good to patients [4 , 5], and earlier evidence has shown that a market-based healthcare system sometimes has a deleterious effect on service quality [6]. Interestingly, in recent years some hospitals have been performing well in both financial and quality measures. For instance, in the quote at the beginning of this article, EMH Regional Medical Center, an Elyria, Ohio-based nonprofit hospital, not only profited from the lucrative heart procedures but also provided good health care services to their patients. For hospitals with other business models, however, it is a different story. The recent economic downturn has certainly placed additional pressure on the fiscal resources of acute care hospitals in the United States and abroad See [7 - 9] on this subject. Medicare Payment Policy March This worsening financial situation has forced hospitals to contain costs and achieve high efficiency. To achieve these goals, hospitals may choose to reduce the number of nurses [11 - 13], increase patient waiting time [14], postpone investments in new technologies [13], lower the degree of compliance with standards [15], or even reduce the use of medical resources [16]. The extreme choice for hospitals experiencing financial difficulties is to close down the entire medical facility, which will limit access to care for all patients, although existing evidence shows that many hospitals continue to operate in spite of financial distress [13 , 17]. Instead, these hospitals may be avoiding closure by reducing the quality of their services [15] For public hospitals, there is a strategic alternative: Hypotheses and related literature The research question naturally arises as to how exactly the long term uncertainty of revenues and costs faced by the hospitals and the new financial performance-driven strategy undertaken by the management could potentially impact the quality of care received by their patients. From a conceptual perspective, hospitals select a particular level of service quality to provide based on the value patients place on quality and the costs of producing that [19]. While the pursuit of profit induces hospitals to improve the quality and quantity of

services they offer, the lack of financial strength results in a lower standard of health care services. Because profit is the difference between revenues earned and costs incurred from providing services, the key condition is that hospitals are capable of controlling costs and maintaining or improving the quality of care [20]. Therefore, the net effect of hospital profitability on care quality can be either positive or negative, depending on the magnitude of each factor. To improve service quality and in turn attract more business, hospitals may need to invest in hospital infrastructure, medical equipment, and information technology. Physicians are more likely to refer patients to high-quality facilities and patients may be attracted to these facilities because hospitals offering great amenities and up-to-date technology are perceived as being committed to quality outcomes [21]. A prerequisite for such large-scale investment in infrastructure and technology is the financial capital structure of the hospital and the ability to raise additional funds. If higher bankruptcy risk causes the hospital to take on less debt to finance capital investments and business operations, its debt-to-assets ratio will be lower [22]. To add another twist to the complications, the optimal capital structure is limited by asset liquidity: According to [24], illiquidity is a significant private cost of leverage. Following this line of argument, it is easier for the hospital with better liquidity to raise capital for investing in quality-enhancement related projects. Of courses, the efforts to improve quality can entail substantial costs. We expect that hospitals will have to take actions that lower the cost of providing services while maintaining their quality. They can reduce the size of the nursing workforce, hold down wage and salary levels, and cut back on charity care provision [25 - 27], and hence we expect a negative relation between the quality of care and the costs of both labor and uncompensated care. On the other hand, evidence has shown that nurse experience and education have a positive effect on quality of care [28 , 29]. The greater demand for quality of care would encourage hospitals to hire more experienced and highly trained nurses, and this requires higher wages. Although it is strategically desirable for hospitals to improve workforce quality, doing so incurs significant costs of employee compensation and benefits [30 , 31]. This implies a positive correlation between quality and labor costs. However, increasing the number of highly skilled workers is quality enhancing only to a certain point after which the effect can be diminishing rapidly [32]. It is possible that employing too much of labor and capital inputs can create slack resources, wasteful capacity, dysfunctional operation and organizational chaos that may eventually lead to lower quality [33 , 34]. Therefore, it is very important to improve efficiency in hospital operations while expanding workforce, and we expect a positive relation between operational efficiency and quality. Table 1 Expected sign of the effects on quality of care Determinant.

Chapter 2 : COMPLETE RESEARCH PROJECT TOPICS AND MATERIALS

Add tags for "How to control cost for profit and performance: a practical guide to effective cost management for industrial and service organizations". Be the first.

WhatsApp Ways to Monitor Financial Performance for Your Business In order to assess the performance of your business, there are many critical questions that need to be answered. Is the business running smoothly? Is it successful, or is it failing? What part of the operations set-up act as bottlenecks, and what parts are acting as growth drivers? The answers to all these questions lie in regular financial monitoring of the business. Without adequate profits, regular flow of cash, and strong sales numbers, no business can be successful. They are not only vital indicators of the performance of the business, but they are also required statutorily. They give an overview of the financial health of the business, and in a nutshell, tell the owners everything that they need to know about how their enterprise is faring. Preparation of Aged Debtors Trial Balance: Every month, an aged debtors trial balance should be prepared, so that the company can keep track of the all the customers who owe them money. They can keep track of irregular accounts and follow up diligently with defaulters to get back their money. Preparation of Inventory Records: There are many businesses that invest heavily in machinery, equipment and raw materials. They should maintain accurate inventory records. It will tell them how much stock was purchased, how much was used for making the final products, how much of it went waste, and whether any equipment has gone missing at any point of time. Businesses should ask their finance teams to put together regular working capital statements and periodic calculations of current ratios and quick ratios. This will tell them how many assets they have, as compared to their liabilities, and how many assets they can convert quickly to cash. Preparation of Fund and Cash Flow Statements: Fund flow statements and cash flow statements are vital reports for a business that tell them just how much liquid cash is coming into the business. There are many receivables that are marked as revenues in the balance sheet, but on closer examination they reveal that they are some way off from being converted into hard currency, and a business can only run with proper earnings, not notional ones. Merely preparing financial statements is not enough. The business needs to go beyond that and look for hidden messages in the numbers that point out weak areas. Check the overhead expenses, like rent, salaries, marketing expenses etc. Are they under control, or are they bringing down the overall profitability of the company? Analysis of Marketing Expenses: How much money is being spent on advertising? Do the returns justify the expense, or is it merely an unwanted cost for the company? How much money is being spent on other marketing avenues, and how many leads are being converted into proper sales? These questions need to be answered to assess the financial performance of the business. Human resources-related activities should also be monitored. What is the employee turnover rate? If the employee turnover ratio is very high, then the company could be spending a lot of money on new recruitments, payments to recruitment agencies, and separation processes of departing employees. The cost of training new employees and making them capable can sometimes be a burden on the company. It is also vital that the finance team prepares daily, weekly, monthly and yearly dashboards to keep all stakeholders informed on the financial progress of the company. Trend analysis should be done regularly. How are the financial indicators faring as compared to last month or last quarter? What are the factors that have played a role in their increase or decrease? Financial indicators of the company should be compared with those of competitors, so that they know how they are faring. Maybe their competitors are able to control costs and increase revenues in ways that this business had not thought of yet. And if that is the case, then they need to learn quickly and catch up with the rest of the industry. In conclusion, monitoring of financial performance plays an important role in ensuring that strategic decisions are taken on a timely basis and the growth plan of the business is adhered to. Accurate financial reporting and financial analysis have a significant contribution in this monitoring activity and hence, should be given sufficient attention by the enterprise. Also Read Related Articles:

Chapter 3 : 10 Ways to Monitor Financial Performance for Your Business - Invensis Technologies

ROLE OF MANAGEMENT ACCOUNTANT TO COST CONTROL AND PROFIT PERFORMANCE IN AN ORGANIZATION INTRODUCTION. BACKGROUND OF THE STUDY. Prices of goods and services are gradually increasing day by day, and due to the fact that the sole aim of a businessman, producer or manufacturer is to make profit they end up making use of low quality materials for production so as to reduce cost of production.

Moreover, with the increase of competitors around, most of the producers have thought it wise to manufacture or package a quality product and also enhance their profit level. This elevated the interest of the researcher to bring to light of how this goal can be achieved through intensive study of the role of management accountants to cost control and profit performance in an organization. Apart from cooperate scandals; there has been anosmatic pressure for better profit maximization as the business environment became more volatile, prices of products increasing at an alarming rate, and the production of low quality products. In the past management accountants operation is strictly on workers capacity usually separated from the managers for whom they provided reports and information. But in this present period, management accountant now serve as internal business consultants. Working together in cross functional teams with managers from all sectors of the organization. Also having in mind that decision making is a fundamental part of management; the management accountant must be equipped with some knowledge of accounts and management. He must have an understanding and knowledge of the environment and the operations of the organization in which those systems are implemented and appropriate technology to apply in each case for the provision of management information. It is obvious that the management of a manufacturing firm will need information that will enable them consider the factors affecting cost of production, cost reduction, product pricing and investment etc, so as to choose the best alternative. This cost challenges has made many products manufactured in the country unpatronized by the consumers, and as a result of that expires in the hands of the sellers. Another problem facing some or most of the manufacturing firm is the installation of improper plan to reduce cost of production so as to maximize profit, i. He aligns cost with efficiency; provide required information for cost minimization so that profit could be maximized. These assignments should reduce product pricing, but instead there have been a consistent product price racketing. These problems therefore brought the need for this research work which intends to find the reason for this persistent increase in product pricing where the services of management accountants were engaged and therefore putting up the following questions: Do management accountants perform in their responsibility? Is cost performance inefficiencies of management accountants included in the product pricing? Is the recent in price caused by other factors rather than elements of cost of production managed by management accountants? How would the role of management accountant in an organization improve profit performance? Does the resent increase in cost of products manufactured in Nigeria caused by other factors rather than management accountant inefficiency? To what extent should strategic managers rely on management accountant information for decision making?

Chapter 4 : ACCOUNTANT TO COST CONTROL AND PROFIT PERFORMANCE

How to Control Cost for Profit and Performance: A Practical Guide to Effective Cost Management for Industrial & Service Organizations [Richard P. Mager].

Or whether it manufactures service for eight or delivers services itself. It is touted as working equally well, albeit with a few adjustments, in for-profit organizations and non-profit organizations. This management philosophy is sweeping through government at all levels as wellâ€"bringing transformational change to management practices of organizations as diverse as the Department of Defense and municipal governments of one-horse towns. Total Quality Management, or TQM, has, in recent years, been acclaimed as the road to organizations capturing the Holy Grail, or at least the Baldrige Award or its comparable accolade for non-profit organizations, the Excellence in Service Quality Award. It may even have something to offer individuals in managing their private lives as well, but this has yet to be explored to any great extent. While TQM has yet to solve the intractable problems of curing AIDS, bringing about world peace, ending world hunger, or eliminating the busy signal of America Online, its adherents assert it is only a matter of time before it successfully manages to ameliorate virtually any intractable problemâ€"if only those organizations working on these problems would implement TQM as intended. Its detractorsâ€"and they are legionâ€"generally criticize TQM on the difficulties of implementing it rather than the principles themselves. TQM has had a colossal sway on business management in the last two decades. It has come to mean a philosophy as much as a management technique or tool. A concise definition appears in an article by Karen Bemowski in the February issue of Quality Progress: TQM is a management approach to long-term success through customer satisfactionâ€¦based on the participation of all members of an organization in improving processes, products, services, and the culture they work in. Lawrence Martin of Columbia University. It requires a continuous and systematic approach to gathering, evaluating, and acting on data about what is occurring in an organization. As a result, it is difficult for dispassionate researchers to measure whether TQM works empirically, since there are many organizations that claim to use TQM but do so in an abbreviated form that often does not do justice to the process. TQM management principles include the followingâ€" 1. It instills in all organization members an esprit de corps that assures them that having quality as the number one goal is an important tenet. Organizational members are responsible for quality, even if it is related to an issue beyond the scope of his or her job. It continuously searches for ways to improve every activity, program, and process. It does so by constantly seeking feedback from its customers, and promoting suggestions from all sources, both externally and internally, on how to improve. It rewards quality, not only internally, but from its suppliers. It recognizes that staff must receive continuous training to improve their work performance. It encourages all aspects of the organization to work as a team to solve problems and meet customer needs rather than competing against each other. It empowers workers at every level, and permits them to be actively engaged in decisions that affect the organization, and to constantly look for ways to improve it. It permits employees the opportunity to have pride in what they produce for the organization and to see the fruits of their labor measured in the quality of the service they provide rather than just having a paycheck. It promotes a planning process that is geared toward continuously improving quality in everything the organization does. A list of principles of quality management compiled by Dr. Edwards Deming, the man considered by many to be the founder of the modern quality movement, can be found in Appendix B. In his book Total Quality Management in Human Service Organizations, Professor Martin points out that conventional management philosophy upholds that: Martin points out that TQM directly conflicts with each of these principles. Quality is the number one driving force in management. Cooperation is preferable to competition. TQM enhances slow, incremental change that involves continuous quality improvement, and change is based on careful planning rather than seat-of-the-pants instinct by the manager. TQM addresses each of these issues. The guidelines for the award explicitly recognize the concepts of TQM. Malcolm Baldrige served as Secretary of Commerce in the Reagan Administration from

until his death in in a rodeo accident. The criteria for the award were put together by a panel of quality experts, and TQM principles serve as the basis for granting the award. The award criteria are judged on a 1, point scale of performance in seven major categories: The final two criteria comprise about half of the points. While results are important, the award is designed to make applicants also focus on the conditions and processes that led to the results. Within just a few years, the Baldrige Quality Award became one of the most highly sought after honors of the business community, although in recent years, according to some who should know, it has lost a bit of its luster. In , The United Way of America developed an analogous award for non-profit human service agencies, recognizing that quality improvement is just as important, if not more so, in charities as private business. Unlike its business counterpart, the ESQAs are non-competitive in that there is no limit on the number of winners in any given year. James Harrington, and A. Joseph Juran served in both government and the private sector. In , he established the Juran Institute. Juran described five dimensions of fitness to use: Juran theorized that managing for quality consists of three basic quality-oriented processes, a quality trilogy: Quality planning consists of creating a process to accomplish quality objectives under the operational constraints. Juran contends that poor planning is responsible for the waste that occurs once production begins. Quality control is the function that describes quality management once planning has been completed and operations begin. Finally, quality improvement is the endeavor that seeks constant improvement in quality. Juran notes that there is an analogous trilogy in the financial management process: Quality control requires choosing units of measurements, establishing performance standards, measuring actual performance, and taking action to correct any deficiencies from those standards. Quality improvement consists of diagnosing what is keeping quality standards low and finding remedies, and consolidating the gains in quality improvement. However, they are weak on quality planning and quality improvement. Juran has a prescription for improving quality, which typically begins by establishing a quality planning council within the organization. In , he set up the Crosby Quality College, which taught TQM principles to tens of thousands of executives and managers. Crosby focused on changing attitudes and behaviors in the workforce to instill an attitude in workers that would eliminate careless mistakes that created costly rework. Crosby asserts that American management typically speaks in quantitative terms when talking about sales, employee compensation, inventory, budget, and about almost everything elseâ€"other than quality. This is despite measurable standards being available, which Crosby points out were developed by General Electric in the s. Obtain and enforce commitment to quality improvement by management. Create a quality improvement team with folks from each department. Find acceptable ways to measure quality in each department. Evaluate the cost of quality. Educate all workers about the cost of quality or more appropriately, the cost of non-quality 6. Facilitate corrective action by having workers at all levels communicate to management remedies for improving quality 7. Establish a Zero Defects Program 8. Provide training so that all supervisors buy into quality management 9. Establish quality goals Ask workers to describe problems that keep them from performing error-free work, and respond to these within 24 hours Establish an award program to recognize outstanding achievement and those who meet their goals Crosby suggests recognition rather than cash as the award Establish Quality Councils to report on the status of the quality management program and ideas for action Start over again every months, because turnover and changing conditions wipe out progress made in education and training. If major American companies were slow to react to the realization that the stellar economic success in Japan was being attributed to TQM, healthcare institutions were a decade behind the curve. Not surprisingly, healthcare institutions, particularly hospitals, have been at the vanguard of TQM adoption by non-profit organizations. One reason for TQM to finally catch on is that there has been a major transformation of the hospital industry. Hundreds of hospitals have converted from non-profit orientation to for-profit. Even those that have not converted are still subject to the financial and competitive pressures that resulted in hundreds of hospital mergers during the s and s. Decreased Medicare and Medicaid reimbursements by the Health Care Financing Administration HCFA ; managed care; cut-throat marketing efforts; strong cost containment pressures from insurance companies; the high cost of, and the competition for,

medical technology; and required public disclosure of hospital costs and clinical outcomes have been among the trends that have changed the face of the healthcare industry. Other factors have been increased consumer competition health care users had new incentives to shop around for medical care ; major restructuring of the third-party payment system by both government Medicaid, Medicare and insurance companies; and government regulation of managed care practices. Reading the literature on TQM in healthcare organizations, one comes to realize that TQM is not being implemented to any great degree in a holistic, system-wide, full-blown way, but rather piecemeal, and in a manner that is targeted to reducing cost. This is not consistent with the TQM philosophy, and the potential benefits of this management strategy may be missed as a result. Managed care has revolutionized the healthcare industry in recent years. Healthcare practitioners view this revolution in practical terms, for the most part. TQM is seen by some practitioners as a means to objectively measure quality, which is important to both third-party payers such as insurance companies and patients. Hospital executives have come to realize that quality control can reduce costs. TQM principles are finding their way into non-profit settings other than healthcare, such as community centers, arts organizations, and human services agencies. Clients notice a positive difference in staff attitudes. Everyone associated with the organization feels good about it. Tips for Implementing TQM 1. Diagnose the present state of your organization. Design the TQM Program. Decide who will be in charge of leading the effort. Decide the roles of staff and outside consultants. Choose the particular TQM implementation model, and consider modifications required. Look at how communications will have to be improved and expanded. Decide how stakeholders such as clients and funders will participate. Assess what changes need to be made in your mission statement, vision statement, and values statement. Develop the TQM System.

Chapter 5 : Difference Between Cost Center and Profit Center (with Comparison Chart) - Key Differences

But for a programme of cost control and cost reduction, one need to concentrate only on the operating cost ratios. Ratio analysis is used as an instrument of cost control in two ways: (i) Ratios can be used to compare the performance of a business firm between two periods.

Savvy business owners know that often the easiest path to growth their profits is to focus on their margins. Here are 5 concrete ways to improve your margins and earn more money. They were behind on their key contracts, forcing them to pay large dollars to expedite shipments, and their manufacturing processes had grown sloppy causing excessive scrap costs. In order for you serve your customers, pay your employees, and reward your investors yourself or outside investors , your business must be profitable. Your margins are a measurement of your profitability. There are two "margins" that you the owner must focus on. The first and most easily understood is your "operating profit margin. Your operating profit margin is a great measure of how profitable your business is overall. That 5 percent increase in operating profit margin equals a 20 percent increase in profit. The second margin you must understand is your "gross profit margin". This is perhaps the most misunderstood and least leveraged number in your business. Your gross profit margin is a measure of how much money you have left over from every sale after you take out what it cost you to produce or acquire the product or service you just sold. Yet it is such a powerful number. It tells you exactly how much money you have left after you pay the cost to produce and fulfill on a sale to spend on marketing, sales, fixed overhead, and so on--and still have enough left to make a reasonable profit for your time, effort, and risk. This number is also a great indicator of the overall efficiency of your business. Knowing this number helps you look strategically at your pricing. It lets you know which customers, products, or projects are the best margin business to go after, and which you should consider phasing out or even immediately cutting , and it even helps you spot inefficiencies in your production. Here are five concrete tips to help you improve your margins over the long-term: The faster your turnaround time from order to delivery , the lower your overhead cost per unit produced. This in turn means improved profit margins. So go back to your main systems from order to delivery, how can you speed up the process? Are there steps you can eliminate? Ways to shorten parts of the process? Can you automate, template, or pre-do steps? Can you script out your linkages between people and departments to speed up the process. Remember, the faster you make the this cycle, the better your margins will be, all things being equal. Up-sell and cross-sell to increase your average unit of sale. So how can you increase your average unit of sale per customer? Can you up sell to richer offerings? Can you offer larger units of purchase? Can you cross sell complimentary products or services? All of this allows you to amortize your marketing cost over a larger unit of sale which dilutes your marketing cost for each sale and hence grows your profit margin. Cut low-margin clients, products, or services, and invest the saved time and money in higher-producing parts of your business. This presupposes that you have accurate and timely reporting that shows you which clients, products, or services produce what margins. Assuming that you do, review a "margin analysis" of your key products, services or customers to see which are most and least profitable. One CPA firm we helped do this discovered that their best one-third of clients were covering their costs for their bottom third of clients who due to "scope creep" in their monthly write-up work were actually negative margin clients i. Do all you can to keep your clients actively purchasing from you. Can you strategically reinforce your business system to reduce that attrition? Perhaps you need to better communicate with them how to use your product or service? Or give them a well-timed "gift" or make a well-timed visit or phone call? Courting your current customers eliminates or greatly reduces the acquisition or marketing cost on that second and all later transactions. Watch out for scrap, spoilage, and wastage. Is it a quality issue on production? Are you poor at forecasting, and keep too much supply on hand for an order? Does it take you too long to sell your inventory and you lose part of it toobsolescence? A combination of reducing scrap, reducing expedites by refining their core manufacturing process so they met contractual delivery timelines without expensive rushes, and by

intentionally focusing sales efforts on selling their highest margin products. For more ideas on growing your business, including a free tool kit with 21 in-depth video trainings to help you scale your business and get your life back, click here. Nov 25, More from Inc.

Chapter 6 : Cost Control: Meaning, Tools, Techniques and Estimation of Cost Control

Cost control is important but many organisations spend too much time on it for diminishing returns. Use the rule (or even): spend 80% of the planning time on where the income is going to come from, not where you will save the costs.

Moreover, with the increase of competitors around, most of the producers have thought it wise to manufacture or package a quality product and also enhance their profit level. This elevated the interest of the researcher to bring to light of how this goal can be achieved through intensive study of the role of management accountants to cost control and profit performance in an organization. Apart from cooperate scandals; there has been anosmatic pressure for better profit maximization as the business environment became more volatile, prices of products increasing at an alarming rate, and the production of low quality products. In the past management accountants operation is strictly on workers capacity usually separated from the managers for whom they provided reports and information. But in this present period, management accountant now serve as internal business consultants. Working together in cross functional teams with managers from all sectors of the organization. However, the management face a broad array of decisions including production, marketing, financial and other relevant decisions. Also having in mind that decision making is a fundamental part of management; the management accountant must be equipped with some knowledge of accounts and management. He must have an understanding and knowledge of the environment and the operations of the organization in which those systems are implemented and appropriate technology to apply in each case for the provision of management information. It is obvious that the management of a manufacturing firm will need information that will enable them consider the factors affecting cost of production, cost reduction, product pricing and investment etc, so as to choose the best alternative. This cost challenges has made many products manufactured in the country unpatronized by the consumers, and as a result of that expires in the hands of the sellers. Another problem facing some or most of the manufacturing firm is the installation of improper plan to reduce cost of production so as to maximize profit, i. Management accountants are assigned with managing cost elements of products among other responsibilities. He aligns cost with efficiency; provide required information for cost minimization so that profit could be maximized. These assignments should reduce product pricing, but instead there have been a consistent product price racketing. These problems therefore brought the need for this research work which intends to find the reason for this persistent increase in product pricing where the services of management accountants were engaged and therefore putting up the following questions: Do management accountants perform in their responsibility? Is cost performance inefficiencies of management accountants included in the product pricing? Is the recent in price caused by other factors rather than elements of cost of production managed by management accountants? How would the role of management accountant in an organization improve profit performance? Does the resent increase in cost of products manufactured in Nigeria caused by other factors rather than management accountant inefficiency? To what extent should strategic managers rely on management accountant information for decision making? The significance of this study is to bring to the notice of the management the exemplary role of the management accountant and the technique he uses to provide information and also how these would affect the operations and the attainment of the organizational goal if these information provided are not recommended for use by the management. And with such knowledge and information put to use, management would be able to plan and control the organization such that the cost of operating the business will be at a minimum while profit will be maximized. And if the profit objective is achieved, the customer will benefit from better and cheaper product while the investors will benefit from the profit as well. This research work intends to cover: How managerial accountants should be able to adapt their generalized knowledge of accounting to develop customized data and report that are logical and support sound management process. The reporting structure is well defined and standardized. The methods of preparation of information and the report presented are governed by rules. The time to carry out the research is short and insufficient, since it is done alongside with

some other courses to contend with so as to present a good result. An accountant is a practitioner of accountancy or accounting referred as an accounting in the united states , which is the measurement, disclosure or provision of assurance about financial information that helps managers, investors, tax authorities and others make decisions about allocating resources. A process that companies undergo to determine the best output and price levels in order to maximize its return. The company will usually adjust influential factors such as production costs, price of goods and output level as a way of reaching its profit goal. Performance; General accomplishment of a given task measured against present standards of accuracy, completeness, cost and speed. It is the responsibility for control of a company or similar organization. Information is valuable because it can affect a decision or an outcome. It is done to achieve a specific objective or solve a specific problem.

Chapter 7 : How to Control Cost of Food & Labor in a Restaurant Service | blog.quintoapp.com

THE ROLE OF MANAGEMENT ACCOUNTANT TO COST CONTROL AND PROFIT PERFORMANCE IN AN ORGANIZATION (A CASE STUDY OF INNOSON NIGERIA LIMITED ENUGU). ABSTRACT Accountants have been bestowed with the role of providing information to the management regarding the affairs of the organization in particular and to the stakeholders in general.

Moreover, with the increase of competitors around, most of the producers have thought it wise to manufacture or package a quality product and also enhance their profit level. This elevated the interest of the researcher to bring to light of how this goal can be achieved through intensive study of the role of management accountants to cost control and profit performance in an organization. Apart from cooperate scandals; there has been anosmatic pressure for better profit maximization as the business environment became more volatile, prices of products increasing at an alarming rate, and the production of low quality products. In the past management accountants operation is strictly on workers capacity usually separated from the managers for whom they provided reports and information. But in this present period, management accountant now serve as internal business consultants. Working together in cross functional teams with managers from all sectors of the organization. However, the management face a broad array of decisions including production, marketing, financial and other relevant decisions. Also having in mind that decision making is a fundamental part of management; the management accountant must be equipped with some knowledge of accounts and management. He must have an understanding and knowledge of the environment and the operations of the organization in which those systems are implemented and appropriate technology to apply in each case for the provision of management information. It is obvious that the management of a manufacturing firm will need information that will enable them consider the factors affecting cost of production, cost reduction, product pricing and investment etc, so as to choose the best alternative. This cost challenges has made many products manufactured in the country unpatronized by the consumers, and as a result of that expires in the hands of the sellers. Another problem facing some or most of the manufacturing firm is the installation of improper plan to reduce cost of production so as to maximize profit, i. Management accountants are assigned with managing cost elements of products among other responsibilities. He aligns cost with efficiency; provide required information for cost minimization so that profit could be maximized. These assignments should reduce product pricing, but instead there have been a consistent product price racketing. These problems therefore brought the need for this research work which intends to find the reason for this persistent increase in product pricing where the services of management accountants were engaged and therefore putting up the following questions: Do management accountants perform in their responsibility? Is cost performance inefficiencies of management accountants included in the product pricing? Is the recent in price caused by other factors rather than elements of cost of production managed by management accountants? How would the role of management accountant in an organization improve profit performance? Does the resent increase in cost of products manufactured in Nigeria caused by other factors rather than management accountant inefficiency? To what extent should strategic managers rely on management accountant information for decision making? The significance of this study is to bring to the notice of the management the exemplary role of the management accountant and the technique he uses to provide information and also how these would affect the operations and the attainment of the organizational goal if these information provided are not recommended for use by the management. And with such knowledge and information put to use, management would be able to plan and control the organization such that the cost of operating the business will be at a minimum while profit will be maximized. And if the profit objective is achieved, the customer will benefit from better and cheaper product while the investors will benefit from the profit as well. This research work intends to cover: How managerial accountants should be able to adapt their generalized knowledge of accounting to develop customized data and report that are logical and support sound management process. The reporting structure is

well defined and standardized. The methods of preparation of information and the report presented are governed by rules. The time to carry out the research is short and insufficient, since it is done alongside with some other courses to contend with so as to present a good result. An accountant is a practitioner of accountancy or accounting referred as an accounting in the united states , which is the measurement, disclosure or provision of assurance about financial information that helps managers, investors, tax authorities and others make decisions about allocating resources. A process that companies undergo to determine the best output and price levels in order to maximize its return. The company will usually adjust influential factors such as production costs, price of goods and output level as a way of reaching its profit goal. Performance; General accomplishment of a given task measured against present standards of accuracy, completeness, cost and speed. It is the responsibility for control of a company or similar organization. Information is valuable because it can affect a decision or an outcome. It is done to achieve a specific objective or solve a specific problem Instant Share On Social Media: Secondary data, Data Analysis,Abstract:: Questionnaire, Data Analysis, Abstract:: The nigeria stock excahnge denoted by NSE is a government establishment where stocks are traded on a daill These small scale enterprises cannot function properly if they are not But the most accepted definitions are that of J. E Banister and P. Keep up ur integrity and transparency". U said "i applauded project clue for their excellent performance for satisfying student from various Universties on project work. Ibrahim from BUK said "very nice". Vitar from University of Port Harcourt said "I had a wonderful experience using ProjectClue, they delivered not only on time, but the content had good qualty. I recommend ProjectClue for any project research work. Faraz Hussain from University of Abuja said "This is a great help for those who seek education.

Chapter 8 : How to cut and control costs â€” Knowhow Nonprofit

Cost control is the practice of identifying and reducing business expenses to increase profits, and it starts with the budgeting process. A business owner compares actual results with the budgeted.

What is general model for variance analysis? How Are Material Variances Computed? How Are Labor Variances Computed? The standard cost is based on physical and dollar measures: It is determined by multiplying the standard quantity of an input by its standard price. Advertisement Variance analysis based on standard costs and flexible budgets would be a typical tool for control of a cost center such as a production department. General Model for Variance Analysis Two general types of variances can be calculated for most cost items: How to calculate price variance and quantity variance? Below figure shows a general model [a three-column model] for variance analysis that incorporates items 1 , 2 , and 3 from the above equations. It is important to make four observations: A price variance and a quantity variance can be calculated for all three variable cost itemsâ€”direct materials, direct labor, and the variable portion of factory overhead. The variance is not called by the same name, however. For example, a price variance is called a materials price variance in the case of direct materials, but a labor rate variance in the case of direct labor and a variable overhead spending variance in the case of variable factory overhead. The standard quantity allowed for outputâ€—item 3 â€—is the key concept in variance analysis. This is the standard quantity that should have been used to produce actual output. It is computed by multiplying the actual output by the number of input units allowed. Variances for fixed overhead are of questionable usefulness for control purposes, since these variances are usually beyond the control of the production department. Next, we will illustrate the variance analysis for each of the variable manufacturing cost items. A materials purchase price variance is isolated at the time the material is purchased. It is computed based on the actual quantity purchased. The materials quantity usage variance is computed based on the actual quantity used. Unfavorable price variances may be caused by: Unfavorable material quantity variances may be explained by poorly trained workers, by improperly adjusted machines, or by outright waste on the production line. The standard variable costs for product are as follows: Using the general model [three-column model], the materials variances are shown on the figure below. It is important to note that the amount of materials purchased [25, pounds] differs from the amount of materials used in production [20, pounds]. The materials purchase price variance was computed using 25, pounds purchased, whereas the materials quantity [usage] variance was computed using the 20, pounds used in production. A total variance cannot be computed because of the difference. Alternatively, we can compute the materials variances as:

Chapter 9 : Financial Measures for Evaluating Division's Performance

Customers must pay $11, as well as for a drink, tip and tax, and your desired profit margin, which brings the bill to more than $ How to Control Cost of Food & Labor in a Restaurant Service.

Labor Cost Standards Controlling food and labor costs are two of the most important tasks for a restaurant owner. With proper menu planning, sales forecasting and employee training, a restaurant can prevent overspending on staff and supplies and still provide excellent quality dishes and service. Using a variety of planning, monitoring and evaluation techniques, you can continually manage these expenses to ensure you remain profitable without sacrificing quality. Perform Food Cost Calculations The first step in controlling foods costs is to determine what they are, per diner. You can do this by calculating the expense of each ingredient that goes into each dish, or divide the total number of diners you serve per month by your monthly food costs. Food costs include the cost of the food, delivery, interest on those purchases, spoilage, theft and make-good meals returned for lack of quality. Evaluate Menu Planning Knowing the food costs of individual dishes lets you determine whether they belong on your menu. Some menu items can be loss leaders, used to attract customers who spend more on appetizers, drinks or desserts. Reduce Waste and Theft Use ordering, inventory and security techniques that reduce food from going bad or being stolen. Keep track of monthly and annual traffic to better project demand and prepare for sales peaks and valleys. Record how many dishes are returned each service and why, and how many meals you comp or replace to determine if the problem is a particular cook or one or two dishes you need to eliminate. Buying in bulk saves you money, but can lead to spoilage of fresh foods. Work with your suppliers to buy in bulk but receive orders in multiple shipments. Require servers to check each dish against the corresponding ticket to prevent orders from going out incorrectly. Have fewer staff members for set-up and takedown than during a service to minimize your costs. To keep costs low on slow nights without losing staff, offer a cancellation fee to staff you schedule but send home. Slow service can doom a restaurant as customers leave or make the decision not to return. Train your prep cooks to prepare menu items and managers and bus staff to serve diners to help out during rush periods, recommends the website Food Service Warehouse. Paying the least amount for dining room staff can lead to frequent turnover and poor customer service. Consider paying high-quality, trained staff more and teach them to know how to sell specials, upsell appetizers, desserts and drinks, remember regular customers and their preferences and work with your kitchen staff to get orders in and out quickly.