





# *Objectives*

- The use of Activity Based Management.
- Explain how Activity Based Management works & how it helps Boogie Ltd.

# *Outline of Boogie Ltd.*

- Beach and surf wear clothing - 18-30 year old
- Under a recognized brand
- Sales made online internationally & franchised outlets

# *Problems Faced*

- Product cost is not accurate.
- Lack of control over non-manufacturing cost  
*(eg. design, quality control and marketing cost)*



## *Activity Based Management*

- Focuses on managing activities to **reduce costs**.
- To achieve the same level of output with lower costs.
- Analyzes costs of employees, equipment, and others to determine and allocate activity costs.



*Activity-Based Costing*

**ABC**

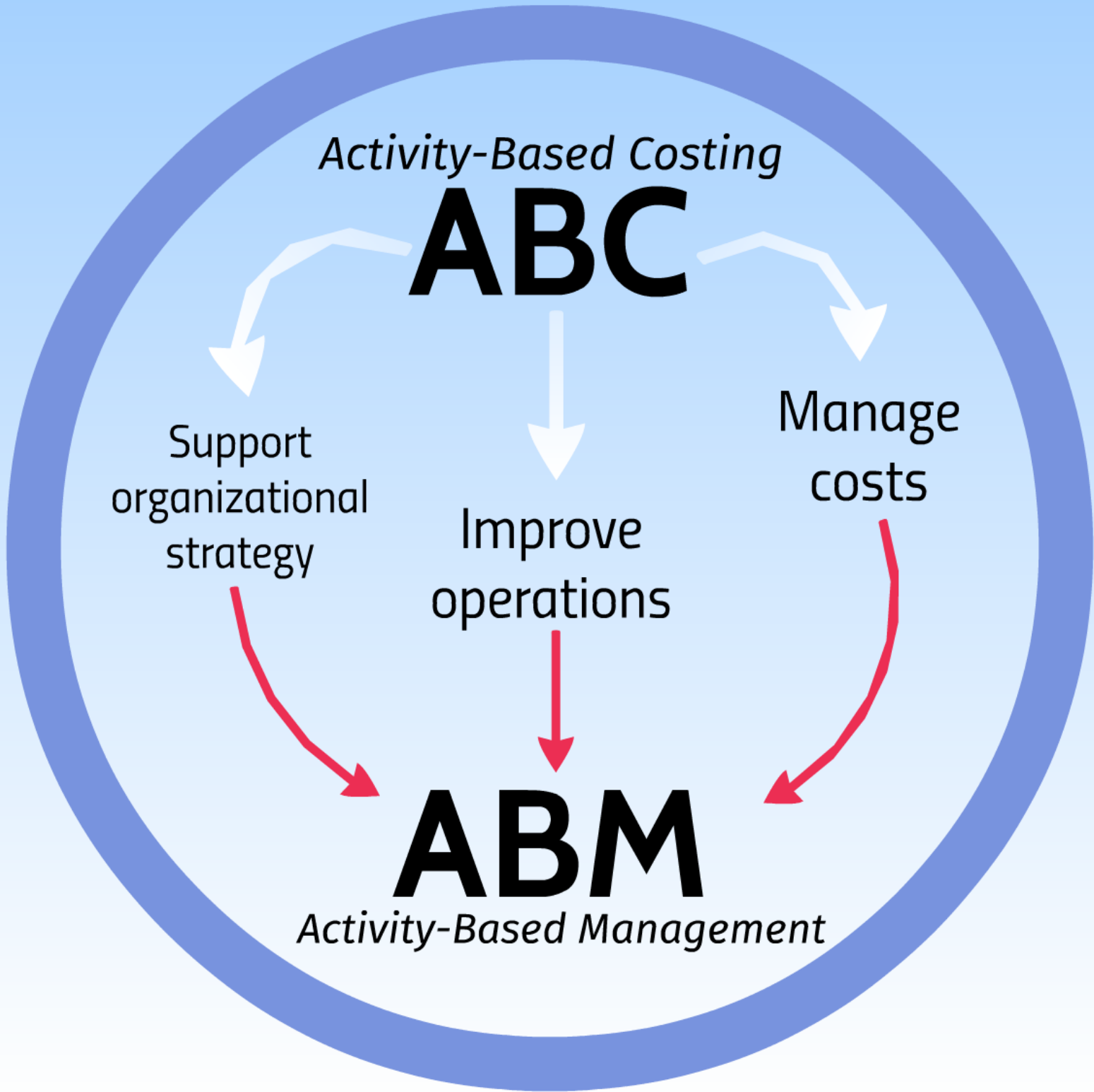
Support  
organizational  
strategy

Improve  
operations

Manage  
costs

**ABM**

*Activity-Based Management*



## *Non-value added activities*

- Unnecessary and dispensable
- Necessary, but inefficient and improvable
- Costs of activities that can be eliminated **without** worsening product quality, performance or value