



*proposes a project which offers a management system to be integrated with business enhancing plans, based on the principles of the **Activity Based Management**, "cucito su misura" per l'azienda.*



❖ **What is the Activity Based Management (ABM)?**

The observation of performances run by the company, through process interpretation, necessarily implies the **ABM** analysis.

The **ABM** is a discipline that focuses on the management of activities as the route to improving the value received by the customer and the profit achieved by providing this value.

❖ **The Activity Based Management: how to realize it**

The steps for the **ABM** implementation develop:

1. Monitoring and reporting procedures (and applications), oriented to the management of an "Advanced Enhancement Program", with economic contents.
2. Interfacing with the software-house source system, in order to implement the "Information Technology" (IT) of the company.
3. Suitability test with the "Advanced Enhancement Program" of the company.

Then a cost analysis is started in two ways:

- *vertically*, based on the most significant balance sheet items
- *horizontally*, analysing processes and defining the "drivers"

Products and services of the company are characterized by life cycle components; costs are determined by drivers, whether the components make them applicable

❖ **The Activity Based Management on a second level: a further step**

On a second level, the **ABM** intends to be also a fundamental tool able to support the decision-making process. A proper knowledge both of processes and high added-value activity costs, makes decision-making processes easier in several fields:

- *Services/Products decisions*: profitability analysis, pricing analysis, short-term resources allocation (budgeting)
- *Optimization and investment decisions*: resource planning, investment evaluation, strategic planning
- *Choice and selection of enhancement operations* which means defining priorities and opportunities of enhancement as well as re-engineering solutions.

Further interfacing with the software-house is offered for further implementation of the "Information Technology" (IT).