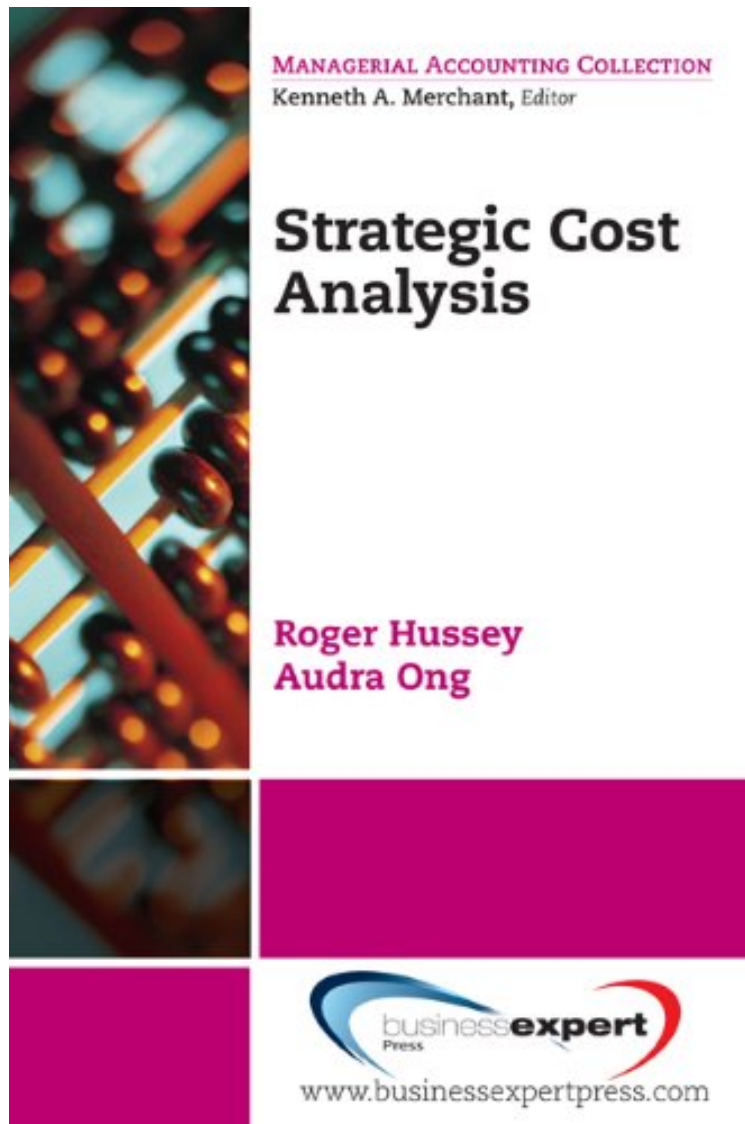


# Strategic Cost Analysis

*Roger Hussey*

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**Roger Hussey : Strategic Cost Analysis** before purchasing it in order to gage whether or not it would be worth my time, and all praised Strategic Cost Analysis:

2 of 2 people found the following review helpful. Concise Costing Presentation and Practical ExamplesBy Mike FournierStrategic Cost Analysis presents a concise costing methodology beginning with a definition of what is cost and what factors shape the costing system. The authors follow the definition of Strategic cost management as defined by Cooper and Slagmulder, which is `the application of cost management techniques" These factors shaping the cost system include:\* the nature of the business,\* the stakeholders,\* the output of the business (manufacturing a product, services), and\* the managers responsibilities and information needs.The authors follow the two main types of costing,

standard in a full cost environment and Activity Based Costing based on whether the business uses job cost or process costing. They also follow the traditional definition of full costing, which is 'the cost accounting method designed to identify the material, labor, and overhead costs incurred to provide a product or service' and exclude more recent definitions that try to incorporate social, environmental, and economic costs. The stages of sharing organizational overheads are summarized as follows: \* Charge those overheads to the department that causes them. \* Share the remaining overheads over the departments by preparing an overhead analysis statement. \* Charge a share of the departmental overhead to each cost object passing through it to give the total production cost of each cost object. Many of today's texts try to incorporate too much into a simple approach required for modern smaller businesses, this one does not, it is basic and easy to follow. It probably is not designed for the experienced practicing cost accounting, but would be a good and inexpensive plan for those - managers included without too much experience in the cost arena. The authors also give examples of costing for different industries and how cost should be incorporated into planning and control systems. They also go into differential analysis (make vs. buy, plant consolidation, etc., with good examples). The examples in this book, unlike many that are out today, are easy to follow, and realistic. The authors also discuss cost reduction, giving some practical advice to reduce overhead costs and they go into improvement methodologies that can be employed, evaluating many of the more popular methods.

Increasing business competition is compelling managers not only to develop realistic and achievable strategies but also to analyze goals in financial terms and to evaluate performance. Whether in manufacturing, service, or the non-profit sector managers need to know the key methods and techniques of cost analysis. The interaction of the organisation's activities, the influences of the external world and the responsibilities of managers need to be captured in financial terms to plan, control and make decisions. Sales managers, production managers, HR managers, amongst others, are recipients of financial information which they are expected to understand. They need to appreciate the impact of their decisions on costs, selling prices, investment decisions and profit. They must be able to analyse, communicate and act on financial information to be a valuable member of the management team. This text explains in simple language the methods and techniques of cost analysis that can be applied strategically at any level in an organization. The busy manager will find that the cost information provided will help them plan and control the activities for which they are responsible and also make strategic decisions in the most effective way. Whether you are in a manufacturing or service organisation, the book will help you to answer the four questions: What did it cost? What should it have cost? How can we improve? What is our next strategic move? No prior knowledge of accounting or statistics is required. The book defines all key terms and emphasizes the essential knowledge of analyzing cost in a strategic context.

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