

HOSPITALS AND HEALTHCARE INSTITUTIONS



A Demonstrated Need for
Activity Based Costing and
Management



WHAT IS ACTIVITY BASED COSTING AND MANAGEMENT?

Activity Based Costing and Management (ABC/M) is a strategic accounting framework that allows you to determine what portion of overhead should be attributed to each of the services offered. As a hospital or healthcare facility administrator you have undoubtedly appreciated the large amount of indirect support costs - commonly referred to as overhead - that is incurred to deliver the medical services offered in your organization. Through ABC/M, you not only monitor true costs but also reduce or eliminate activities that generate costs but add no value in terms of better health outcomes.

HOW DO HOSPITALS BENEFIT?

By knowing the true cost of service delivery on a departmental, service line or customer level, your organization will be uniquely positioned to make superior decisions quickly and improve in areas such as:

superior decisions quickly and improve in areas such as:

- Budget allocation
- Service pricing
- Patient waiting times
- Human resource costs
- Quality of care
- Gov't recuperation

“True innovators. KOMAND took our unique market needs and helped tailor an activity-based cost structure to deliver financial sustainability and real strategic advantage.”

— Chief Administrative Officer,
Large Health Research Centre

In fact, companies that have introduced an ABC/M framework within their organization have enjoyed benefits of **10 to 20 times their initial investment** for implementing the ABC/M system. Some exceptional organizations have reached savings of 50 to 100 times the original investment.

Who Should Consider the ABM Framework?

If you are **unable to answer all** of the following questions, your organization will benefit from

introducing and adopting an ABC/M framework:

- What should a given service cost us?
- What should a given process cost us?
- What activities are contributing to these costs but adding no value?
- If a given organizational unit or patient cohort is drastically expensive, what should we do?
- If we change or eliminate a service, what is the true cost saving?

KOMAND Can Help

Working with the owners, directors and other key decision makers, KOMAND can help you achieve optimal results through ABC/M by:

- **Reviewing** your strategic plan, objectives and historical results
- **Mapping out key processes** for service delivery to identify critical activities
- **Identifying the root causes** and effects linking activities and costs
- **Introducing practical activity cost drivers** that can be easily monitored on a regular basis
- **Providing the true cost of service delivery** for each service offered within all units of your organization
- **Assisting with any internal resistance** to ensure widespread acceptance

Initial Consultation and Needs Assessment

We would be very happy to have an initial consultation and identify your organization's needs. The initial consultation is at **no cost to you**.

Please call us at: **+1 (514) 934-9281**
Or Email us at: **healthcare@komand.ca**

KOMAND Consulting helps organizations make high-impact strategic decisions

Since KOMAND was founded in 2006, we have worked with medium and large companies in sectors ranging from aerospace to healthcare. We provide executives and directors with a clear road map to outperforming the competition and increasing enterprise value. The only measure of our success is the long-term success of our clients.

Our Advantage

At KOMAND we develop sophisticated strategies for our clients through creative strategic planning that will help bring about a desired future. Every important decision should be an informed decision and we use the power of *advanced statistical analysis* to drive our strategic recommendations. We also introduce appropriate vehicles to measure the results. We gather the latest intelligence in your economic sector and perform detailed strategic audits to ensure that your decisions are informed and right for your organization.

How We Do It

Whether your enterprise is a multi-business firm or a single business unit, the strategy process has the same four key elements: Articulate your vision and mission, formulate a winning strategy, translate that strategy into actionable initiatives, and monitor results to make any adaptations that increase your competitiveness.



Dr. Juan J Segovia is a leading expert in activity based costing and management. Juan has supported many organizations around the world helping them with cost management and reduction and key performance indicators. As a thought leader, Juan has also published papers in prestigious journals including CMA Magazine and The British Accounting Review.

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