



OPERATIONS AND CONTINUOUS IMPROVEMENT

Development and Deployment of Manufacturing Accounting Model

THE NEED

The client is a multinational, biotech company with manufacturing facilities around the world. Each facility had a complex mix of processes at different stages of production and the products transferred internally multiple times before becoming finished goods. The Operations Finance team wanted to accomplish the following objectives:

- Ensure that all the client's manufacturing sites prepare standard product costs on a consistent and transparent basis that reflects current healthcare industry standards.
- Enhance the quality and visibility of performance reporting from each plant and division thereby providing information to Leadership Team on how effectively the manufacturing network was operating.

THE APPROACH

Primecore divided the approach into two phases:

Phase 1: Primecore's expertise in manufacturing and operations finance provided the know-how to develop a detailed and comprehensive set of costing and reporting manuals for the site controllers. These manuals set the guidelines for financial reporting and ensured consistency in the manufacturing standard costs throughout the network.

Phase 2: Primecore provided the know-how to develop a detailed and comprehensive set of costing and reporting manuals for the site controllers. These manuals set the guidelines for financial reporting and ensured consistency for standard costs throughout the network.

THE SOLUTION

Financially, the impact to the P&L was an order of magnitude just from this alignment exercise. Also, significant issues impacting product costing were identified for future management consideration. The standardized costing methodology provided transparency up to senior management as well as the granularity needed for local plant performance tracking.

The assignment highlighted the importance of developing a comprehensive set of costing manuals as a foundation to all manufacturing facility evaluations to drive a consistent approach and, therefore, consistent view across a network.



THE RESULTS

- *Costing manuals led to unified costing methods across all facilities*
- *Alignment ensure positive costing impacts that enhance the P&L*
- *Reporting transparency has led to better support for senior management to make critical decisions*

