



SNS COLLEGE OF TECHNOLOGY

Coimbatore-35
An Autonomous Institution



Accredited by NBA – AICTE and Accredited by NAAC – UGC with 'A++' Grade
Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai

DEPARTMENT OF COMPUTER APPLICATIONS

23CAT604 – PRINCIPLES OF MANAGEMENT
I YEAR I SEM

UNIT I – INTRODUCTION TO MANAGEMENT

TOPIC 1 – Management & Evaluations of Managements



Management

Definition

- Management is an art of getting things done through people.
- Management if four factors of production
 - MEN
 - MONEY
 - MACHINES
 - MATERIALS



Management

Definition

- Management is POSDCORB
 - Planning
 - Organizing
 - Staffing
 - Directing
 - Cooperating
 - Reporting
 - Budgeting



Functions of Management

Planning

- What is to be Done
 - When it is to be done
 - How it is to be done
 - Who is to do it
- Ex. Taxes, Political Environment
- Planning must be flexible



Functions of Management

Organizing

- An organization is social unit,
 - Or human grouping deliberately structured,
 - For the purpose of attaining specific goals.
-
- Organization is rational coordination of the activities of number of people,
 - For achievement of some common purpose or goal,
 - Through division of labor and a hierarchy of authority and responsibility.



Functions of Management

Directing

- Harmony Objectives
- Unity of command
- Direct supervision
- Efficient communication
- Follow through
- Motivation



Functions of Management

Controlling

- Establishing standards of performance,
- Measuring current performance and comparing it against the established standards,
- Taking action to correct any performance that does not meet those standards



Functions of Management

Innovating

- Creating new ideas
- Improvement of Product
- Different marketing strategies
- Innovation in packaging, Distribution, Business models....



Planning

- Planning is an intellectual process which requires a manager to think before acting.
- Planning is continuous process.
- Plan must be flexible.
 - Change direction to adept to changing situation
 - Technology (changing need)
 - Market (Marketing Strategies)
 - Finance (Obtain Fund)
 - Personnel (Job Rotation)
 - Organization (organizational structure)



Planning

Importance or Advantages

- Minimize risk and uncertainty
- Leads to success
- Focus attention on the organization's goals
- Facilitates control
- Trains executives



Planning

Types

- Vision
 - Top of the hierarchy
 - Dream of entrepreneur

- Mission
 - Unique aim of organization
 - Service, product, client
 - Cultural value

- Objectives
 - Goals & Aim
 - Use in Dept...
 - Purpose



Planning

Types

- Strategies
 - Competitive Advantage
 - SWOT Analysis

- Operational Plans
 - Policies
 - Procedures
 - Methods
 - Rules



Planning

Process

- Establishing variable goals or Set of goals to be Achieved
- Establishing planning Premises
 - Internal and External Premises
 - Tangible and Intangible Premises
 - Controllable and non controllable Premises



Planning

Process

- Deciding the planning Period
 - Lead time in Product Development
 - Capital Investment & Payback Period
- Finding Alternative course of Action
- Evaluating & Selecting a course of action
- Developing derivative Plan
- Establishing Action Plan
- Measuring and Controlling the Process



Controlling

Need For Controlling

- To Measure Progress
- To Uncover Deviation
 - Change
 - Complexity
 - Mistake
 - Delegation
- To Indicate corrective action
- TO transmit corrective action in the Operation



Controlling

Benefits

- Increase Productivity
- Reduce defects & Mistakes
- Help meet deadlines
- Facilitates communication
- Improve safety
- Lowers cost, Work control



Coordination

Definition

- Coordination is the management of interdependence in the work situation.
 - Interdependent efforts of individual
 - To attain a common goal.
- Ex. Hospital, Production company.



Coordination

Need

- Division of labor
- Interdependence of unit
- Individual interest Vs. Organization interest



Coordination

Requirement

- Direct contract
- Early start
- Continuity
- Flexible
- Clear cut objectives
- Effective communication
- Effective leadership

Meaning

- A manager can't do all the task for the accomplishment of group goals,
- His capacity to do work and to take decisions is limited,
- Assigns some part of his work to his subordinate and also gives them authority to make decision in their duties,
- Down ward pushing of authority to make decisions is known as Delegation of Authority.



Delegation of Authority

Definition

- If the manager requires his subordinate to perform the work, he must entrust him with part of the rights and powers which he otherwise would have to exercise himself that work done.

Louis A. Allen



Advantages of Delegation

- Relieves the manager from heavy workload
- Leads to better decisions
- Speeds up decision – making
- Train subordinate
- Create formal Organization structure



Barriers to effective Delegation

- Fear of loss of power
- “ I can do it better my self” Fallacy
- Lack of confidence in subordinates
- Fear of being exposed
- Difficulty in briefing/ Over confidence
- Not proper control



Decentralization

- Every organization has to decide as to how much decision – making authority should be centralized, in hands of the chief executive and how much should be distributed among the managers at lower levels.
- Centralization –
 - In centralization set up, the decision- making authority is contracted in a few hands at the top. In decentralization set up, it is delegated to the levels where the work is to be performed.



Decentralization Criteria

- The Greater is the number of decisions made at lower levels.
- The more important are the decisions made at lower level
- The more is the number of area in which decisions can be made at lower levels



Decision Making

- Decision making is the Process of Decision making that objectives and polices are laid down and the manager decides many things such as,
 - What to produce
 - What to sell
 - Where...,when.....,How.....,



Decision Making

Types

- ❑ Programmed and Non programmed Decisions
- ❑ Major and minor Decisions
- ❑ Routing and Strategic Decisions
- ❑ Individual and Group Decision
- ❑ Simple and complex Decisions



Decision Making Process

- Recognizing the problem
- Deciding priorities among problems
- Diagnosing the Problem
- Developing alternative solution or course of action
- Measuring and comparing the consequences of alternative solution
- Converting the decision in to effective action
- Follow up



Philosophies of administration

- Cost effectiveness
- Execution and control of work plans
- Delegation of responsibility
- Human relations and good morale
- Effective communication
- Flexibility in certain situation



comparison between management and administration

Management

- ❑ (Definition) Art of getting things done through others by directing their efforts towards achievement of pre-determined goals.
- (Nature) executing function, doing function
- (Scope) Decisions within the framework set by the administration.

Administration

- Formulation of broad objectives, plans & policies.
- decision-making function, thinking function
- Major decisions of an enterprise as a whole.



comparison between management and administration

Management

- (Authority) Middle level activity
- (Status) Group of managerial personnel who use their specialized knowledge to fulfill the objectives of an enterprise.
- (Usage) Used in business enterprises.

Administration

- Top level activity
- Consists of owners who invest capital in and receive profits from an enterprise.
- Popular with government, military, educational, and religious organizations.



comparison between management and administration

management

- (Influence) Decisions are influenced by the values, opinions, beliefs and decisions of the managers.
- (Main Function) Motivating and controlling
- (Abilities) Handles the employees.

Administration

- Influenced by public opinion, government policies, customs etc.
- Planning and organizing
- Handles the business aspects such as finance.



Principles of administration

Henri Fayola

- Division of work
- Principle of Authority and responsibility
- Principle of Discipline
- Principle of unity of command
- Unity of direction
- Subordination of individual interest to general interest
- Principle of centralization and decentralization
- Principle of scalar chain



Principles of administration

Henri Fayola

- Principle of Order
- Principle of Equity
- Stability of tenure of personal
- Principle of initiative
- Principle of Esprit de corps



Program evaluation and review technique (PERT)

- PERT, a project is viewed as a total system and consisting of setting up of a schedule of dates for various stages and exercise of management control, mainly through project status reports on this progress.
 - Finished Product or Service desired
 - Time & Budget
 - Starting & Completion Date
 - Sequence of step
 - Estimated time & Cost



PERT Process

- Identify the specific activities and milestone
- Determine the proper sequence of the activities
- Construct a network diagram
- Estimate the time require for each activity
- Determine the critical path
- Update the PERT chart as the project progress



Benefit of PERT

- Expected project completion time
- Probability of completion before a specified time
- Critical path activities that directly impact the completion time
- Activity start and end date



Limitation of PERT

- Numbers may be only a guess
- Actuality is different



Gantt charts

Henry L. Gantt

- ❑ Gantt chart depicted a series of event essential to the completion of a project or program.
 - ❑ Controlling the production
 - ❑ Used for production Activities
 - ❑ Represent Cost, time, scope



Process of The Gantt Chart

- Gather data
- Analyze data
- Develop a plan
- Implement the plan
- Evaluation, feedback, and modification



Advantages

- They can be understood by wide audience.
- They define schedule activities.
- It is useful and valuable for small projects.



Management by objectives (MBO)

- MBO is the process whereby,
- Superiors & subordination jointly identify the common objectives,
- Set the result that should be achieved by subordinates,
- Asses the contribution of each individual and integrate individuals with the organization,
- So as to make best use of organizational recourses.



Management by objectives (MBO)

Defi.

- MBO is comprehensive managerial system that integrate many key managerial activities in a systematic manner, consciously directed towards the effective & efficient achievement of organizational objectives.
 - Approach & Philosophy to management
 - Affect every management technique
 - MBO is an objectives
 - Objective setting & Performance review



Objectives of MBO

- To measure and judgment
- Relate individual performance to organizational goal
- Expectation & accomplishment
- Increase competence & growth of subordinates
- Communication between superior & subordinate
- Basis of salary and Promotion



Process of MBO

- Set corporate objectives
- Set and Align employee objectives
- Monitor performance
- Evaluate performance
- Reward employee



MBO

Advantages

- Better management of organization
- Clarity in organizational action
- Personnel satisfaction
- Organizational change

Disadvantages

- Time & Cost
- Failure of MBO philosophy
- Problems in objectives setting
- Inflexibility



Motivation

- Motivation is the action that stimulates and individual to take a course of action,
- Which will result in an attainment of goals,
- Or satisfaction of certain material or psychological needs of the individual

Job performance = Ability + Motivation



Methods of motivation

- Intrinsic/ Internal Motivation
 - Self motivation
 - Job satisfaction

- Extrinsic/External motivation
 - Monetary reward
 - Promotion



Types of Motivation

- Achievement Motivation
- Affiliation Motivation
- Competence Motivation
- Power Motivation
- Attitude Motivation
- Incentive Motivation
- Fear Motivation



Motivation Theories

- Abraham Maslow
- Alderfer ERG Theory
- Herzberg two factor need Theory
- Mc Gregor's Theory X and Theory Y



Abraham Maslow

(1943)

- Abraham Maslow theory studies of different needs of human beings for motivation.
- Physiological needs
- Safety and security needs
- Social need
- Esteem needs
- Need for self actualization



Alderfer ERG theory

- E- existence
 - Physiological need
 - Safety need
- Relatedness
 - Social need
 - Relationship & love
- The Growth
 - Self esteem
 - Self actualization



Herzberg two factor theory (1966)

- Its define the satisfaction and dissatisfaction of human beings towards work.
- Two factor are
 - Motivation factors : satisfaction of work, achievement , Opportunity for growth,
Advancement
 - Hygiene factors : Salary, status, working condition, job security.



David McClelland

(1961)

- This theory based on three factor/need of human beings. They are different at different level.
 - Need of Power
 - Need of Affiliation
 - Need of Achievement



Man Gregor's Theory X & Y

Theory "X"

- Do not like work
- Avoid the work
- Doing force fully
- Avoid responsibility
- Need of Job security is high
- "RIGHT TO COMMAND"

Theory "Y"

- Physical and mental efforts at work
- Self control
- Self directed
- Committed to their goals
- Creativity of solving Problems
- "PARTICIPATIVE"



Query Solution

- Slack Time :
 - Slack time is the difference between the length of time you have to finish a project and the total amount of time it will take to complete the project.



Self Actualization

- By Tyler, data that support this argument are provided by a study in which employees' willingness to engage in citizenship behavior increased following manipulations of group-based pride and respect. Results point to the productive and sustainable potential of self-actualization at a collective rather than just a personal level



Public Relation

- Public relation are knowing what the public expect and explaining how administration is meeting these desires.
- John Millet
- Public relation are the process where by an organization analyses the needs and desires of all interested parties in order to conduct it self more responsively towards them.
- Rex Harlow



Public Relation

- Essential and integrated component
- Public policy or Service
- Benefits for citizens
- Build up image of individual or an organization
- Remove misunderstandings
- Create mutual understandings



Need of Public Relation

- Increased government activities
- Reduce the communication Gap
- Increased educational standards
- To know employee review
- Public opinion in decision



Functions of Public Relation

- Relation among the two group
- Understanding and Goodwill.
- Organization Policy



Element of Public Relation

- Planned effort or management function
- Relation between organization and public
- Evaluation of public attitudes and Opinion
- Organization's decision related to organization's public
- Execution of an action and communication programme



Forms of Public Relation

- Employee Relations
- Community Relation
- Government Relation
- Media Relation



Conflict

- Organizational conflict is a situation of closed or win-lose competition, in which parties try to keep each other from attaining their goals.
 - Open situation (Win-Win) Approach
 - Close situation (Conflict)



Levels of conflict

- Between Individuals,
- Between individuals and group,
- Between groups in the same organization



Stages of Conflict

- Latent Conflict
 - Initial stage
 - Causes are hidden between two parties
- Perceived Conflict
 - Aware of the cause
- Felt Conflict
 - Parties are emotionally involved
 - Start feeling the conflict



Stages of Conflict

- Manifest Conflict
 - Hostile behavior
 - Lack of coordination
 - Breakdown work flow
- Conflict Aftermath
 - Conflict solution
 - Satisfaction of both parties



Causes of inter group conflict

- Unequal or one side Dependence
- Incompatible performance criteria and rewards
- Difficulty in apportioning credit or balance
- Dependence on common resources
- Information and rumors
- Differences in personal background
- Difference in task, time



Management conflict

- Management of conflict mean trying to find ways to balance conflict and corporation.
 - Improve quality of decisions
 - Encourage Creativity and Innovation
 - Problem Solving
 - Self evaluation and change



Method of managing conflict

- Stimulating conflict
- Reducing conflict
- Resolving conflict



Prerequisites for successful Integration/Negotiation

- Relation of trust
- Early attempt to resolve differences
- Clarity of rules
- Physical proximity (Two Parties)
- Decentralized decision making and openness
- Objectivity
- Support from management
- Joint reward and Punishment



Fiscal Planning

- Fiscal planning is a very common strategy, regardless of their size it is viewed as the most appropriate and helpful ways to success a companies finances and thus plan the best course of action to take for the future.
 - Plan regarding Revenue and expenditure
 - Clear picture for industrial finance



Budgeting

- A budget may be the simple plan of ones personal finances or it may be a complex document used by large organization. It is the picture of the total operational of all the organization in monotomy terms.
- Budget is a balance estimated expenditure and receipts for a given period of time.
 - Heart of administrative management
 - Reduce the wastage of finance



Features of the budget

- Simple design and oriented to users
- Should be flexible
- Synthesis of past, present the future
- Coordination
- Composed two segment : Revenue and Expenditure
- Reflect the goals and appreciation
- Forward planning
- Need a support of top management
- Time Period



Purpose of budget

- Provide targets for income and expenditure
- To coordinate the activities
- To prepare cash flow statement
- Formulating future policy
- To control on all activities
- A tool for communication and coordination
- Financial planning and decision making
- Controllable and uncontrollable cost area



Importance of budget

- Planning future course of action
- Coordination in various department
- Serves as a guide for action
- Helps In decision making
- Help in projected objectives
- Tool for communication
- Identify problems area



Principles of budget

- Provide sound financial management
- Focus on objectives and polices
- Most effective use of finance
- Activities planned in advance
- Delegation of authority and responsibility for execution of budget
- Coordinating efforts of various departments
- Setting targets
- Prepare under the supervision and direction



Steps in budgeting

- Collection of past data
- Assess success and failure of past
- Setting objectives for forecast year
- Objectives arranged in terms of indication
- Preparation of report on expense and revenue
- Preparation of budget report
- Review of budget report
- Evaluation for modification or change
- Final preparation of budget



Essential requisition for budget estimation

- Forecasting
 - Purchase decisions
 - Expansion decision
 - Advertising
- Accounting
- Lines of Authority
- Budget committee
 - Forecast
 - Reporting
 - Derivation modification
- Business Policies
- Statistical information
- Period of budget



Types of budget

- Incremental budget
 - Change in percentage with the change of inflation
- Flexible budget
- Rollover budget
 - Forecast Expense and revenue more than a year
 - (future planner)
- Open ended budget
 - Single cost estimation
 - Activity level in the unit



Types of budget

- Fixed-ceiling budget
 - Fixed limit budget
- Performance budget
 - Based on function
- Programmed budget
 - Based on whole programme
- Production Budget
- Revenue and Expense



Types of budget

- Capital expenditure budget
- Zero based budget
 - Each cost for every program
 - Estimate both cost Old and New
- Sunset budget
 - Self destruct in prescribed time.
 - Or When task is completed
- Sales budget
- Cash budget



Capital and Revenue Expenditure

- Capital Expenditure: The expenditure incurred for acquiring a fixed assets or which results in increasing the earning capacity of the business is known as Capital Expenditure.

- Capital expenditure means any expenditure incurred to
 1. Acquiring the assets
 2. Improving efficiency
 3. Purchasing the Performance of the business
 - Ex. Purchase of machinery
 - Fees for installation of machinery



Capital and Revenue Expenditure

- Revenue Expenditure: An expenditure incurred in the course of regular business transaction of a concern are availed during the same accounting year is known as revenue expenditure.
- Revenue expenditure mean any expenditure incurred to maintain the assets in working condition and for the operation of the business.
 - Ex. Repairs of furniture
 - Painting of building
 - Purchase of stationary
 - Salary
 - Taxes
 - Rents....



Distinction between Capital and Revenue Expenditure

Capital Expenditure

- (Purpose) It is incurred for the purchase of fixed assets
- (Earning Capacity) It increases the earning capacity of the business
- (Periodicity of benefit) Its benefits are spread over a number of years

Revenue Expenditure

- It is incurred for the maintenance of fixed assets
- It does not increase the earning capacity of the business
- Its benefit is only for one accounting year



Distinction between Capital and Revenue Expenditure

Capital Expenditure

- (Placement in financial statement) it is an item of balance sheet and is shown as an asset.
- (Occurrence of expenditure) it is not recurring in nature

Revenue Expenditure

- It is an item of trading and profit and loss account and is shown on the debit side of either of the two.
- It is usually a recurring expenditure



Zero Budgeting

- Zero based planning is done to shape decision about the marketing communication tools that are to be used based on the elements of the particular years situation analysis, SWOT analysis and communication objectives rather than just planning in accordance with the budget of the previous year.
 - Decision of Marketing tools
 - Based on particular situation



Step in Zero based planning

- Determination of the key communication problem
- Relate the marketing tools and finalized
- Combine both the step and solve the problems
- Define other marketing communication areas along with tools



Audit

- Definition of audit is an evaluation of a person, organization, system, process enterprise, project or product.
- The audit term is commonly use in accounting but it also used in
 - Project management
 - Quality management
 - Water management
 - Energy conservation



Audit

Definition

- Systematic process by which a competent, independent person objectively obtains and evaluates evidence regarding assertions about an economic entity or event for the purpose of forming an opinion about and reporting on the degree to which the assertion confirms to an identified set of standards.



Characteristics of Audit

- Vital part of accounting
- Gaining information regarding Financial statement
- Include non-financial area
 - Safety
 - Security
- Verification of cost accounts and record checking
- Verification of facts to ascertain
- Accepted standard by government bodies



Classification of Audit

- Financial audit:
 - Financial statement
 - Information integrity and reliability
- Operational Audit:
 - For internal control structure in a given process or area
- Integrated audit:
 - Combination of financial and operational audit
 - Performing for overall objectives



Classification of Audit

- Administrative audit:
 - Issues related with operational productivity
 - Information system audit
- Specialized Audit:
 - Service performed by third parties
- Forensic Audit:
 - Discovering Frauds and crime
 - Investigation



General audit Procedure

- Understanding of the audit area/Subject
- Risk assessment and general audit plan
- Detailed audit planning
- Preliminary review of audit area/Subject
- Evaluating audit area
- Compliance testing
- Substantive testing
- Reporting
- Follow up



The Typical Audit Phases

- Audit Subject
 - Identify the area
- Audit Objectives
 - Purpose of the Audit
 - Objectives
- Audit Scope
 - Identify specific system
 - Function or unit included in review
- Pre Audit planning
 - Identify technical skills and recourses
 - Sources of information
 - Functional flow chart, polices,standerds
 - Location or facilities to be Audited



The Typical Audit Phases

- Audit procedure and steps for data gathering
 - Select the audit approach
 - Identify list of individuals to interview
 - Obtain departmental policies,standerds
 - Develop Audit tools and methodology
 - Evaluating Test
 - Process for communication
 - Audit Report



Audit Risk

- Inherent Risk
 - Error Exists in Material, Combine with other errors
 - Errors done by mistake
 - Complex calculation
- Control Risk
- Detection Risk
 - Material errors do not exist when, in fact, they do
 - Detections done by ability of auditors
- Overall risk



Nursing Audit

- Audit in nursing management is the professional evaluation of the quality of the patient care, by analyzing through all the facilities, Services, measures involved in diagnosis, treatment and other conditions and activities that affect the patients.
 - Evaluation
 - Service, Facilities, Treatment
 - Patients



Nursing Audit

- Nursing audit reference to the assessment of the quality of clinical nursing
 - Ellison
- Nursing audit is the means by which nurses themselves can defines standards from their point of view and describe that actual practice of nursing.
 - Goster walfer



Characteristics

- Improve the quality of nursing
- Compare Actual practice and standard practice
- Formal and systematic
- Variation, Deviation
- Feed back for those whose records are audited
- Evaluation



Objectives

- Evaluate the quality of nursing care
- To achieve the desired and feasible quality of care
- To provide way for better records
- Focus on care provided and care provider
- To provide rationalized care thereby maintaining inform standards worldwide.
- To contribute to research



Methods of Audit in Nursing

- Retrospective view
 - Detail quality care assessment after the patients has been discharged
 - Reviewed after diagnosis, Treatment, lab investigation, consultation
- Concurrent view
 - Reviewing the patients care during the time of hospital
 - Assessing the patient at the bed-side in relation to predetermined criteria



Audit Cycle

- Criteria development
- Selection of case
- Worksheet preparation
- Case evaluation
- Tabulation of evaluation
- Presentation of report



Advantages Nursing Audit

- Patient is assured of good service
- Better planning of quality improvement can be done
- It develops openness to change
- It provide assurance, by meeting evidence based practice
- It increase understanding of client's expectation
- It minimize error or harm to patients
- It reduce complains or claims



Disadvantages of Nursing Audit

- It may be considered as a punishment to professional group.
- Medico-legal importance They feel that will be used in court of law as any document can be called for in court law.
- Many component may make analysis difficult.
- It is time consuming
- It require a team of trained auditors.



Cost Accounting

- Cost accounting has long used to help managers understand the costs of running business.
 - Complexities of running large scale business led to the development of the systems for recording and tracking costs to help business owners and manage make decisions.
 - Cost accounting involves the classification, recording, and appropriate allocation of expenditure for the determination of the cost of production or services.



Objective of Cost accounting

- To determine cost of product
- To analyze classify and record all expenditure with respect to the cost
- To provide necessary information to the management in time
- To serve as a guide by providing actual data for comparison
- To facilitate price fixation
- To assist budget control
- To assist cost control and cost reduction
- To provide data for different periods and volumes of output



Classification of Costs

- Classification on the basis of time
 1. Historical cost
 2. Predetermined cost
- Classification by nature of element
 1. Material cost
 - Direct Materials
 - Indirect Materials
 2. Labor Cost
 - Direct labor
 - Indirect labor
 3. Expense cost
 - Direct Expense
 - Indirect Expense



Classification of Costs

- Overheads
 1. Production or Factory overheads
 2. Administration overheads
 3. Selling overheads
 4. Distribution overheads
- Accounting Period-wise classification
 1. Capital expenditure
 2. Revenue expenditure
- Behavior wise classification
 1. Variable cost
 2. Fixed cost
 3. Semi variables



Classification of Costs

- Based on Control
 1. Controllable
 2. Uncontrollable
- Other costs
 1. Normal costs
 2. Traceable cost
 3. Total cost



Approaches of Cost Accounting

- Standard Costing:

A technique which uses standards for cost and revenue for the purpose of control through variance -CIMA

- It is a system of cost accounting
- Determine in advance the standard cost with respect to each element of cost
- Compare the actual performance
- Analyze the variance, attributes and causes
- Communicates or report to the appropriate level of management



Approaches of Cost Accounting

- Lean Accounting:

Lean accounting has developed in recent years to provide the accounting, control and measurement methods supporting lean manufacturing and other application.

- Provide control & Measurement
- Used in,
 1. Health care
 2. Construction
 3. Insurance
 4. Banking
 5. Education
 6. Government



Step To Lean Accounting

- Measure and control company's account
 - Reduce the wastage
 - Free up capacity
 - Speed up the process
 - Eliminate errors & Defects
 - Make process clear & under stable
- Fundamentally change the account
 - By motivate change
 - Improvement
 - Provide suitable information
 - Decision making



Characteristics of Lean Accounting

- Lean focused performance measurement
- Direct costing & Value stream
- Decision making & Reporting
- Value based Pricing
- Correct understanding of financial impacts



Approaches of Cost Accounting

- Marginal Costing:

The amount as any given volume of out put by which aggregate costs are changed if the volume of output is increased or decreased by one unit.

- Variable cost as product cost
- Fixed cost as a period cost
- Price based on marginal cost



Approaches of Cost Accounting

- Activity based costing (ABC costing):

Activity based costing is a system that focus on activities as fundamental cost objects and utilize cost of these activities as building blocks or compiling the cost of other objects.

- Costing Based on Activity
- Accordance with cost object
- Use of cost drivers
- Traceability



Approaches of Cost Accounting

- **Throughput Accounting:**
TA is a dynamic, integrated, principle based, and comprehensive management accounting approach that provide managers with decision support information.
- **Advantages:**
 1. Accumulate data to assess the cost
 2. Identify the interaction between expenditure
- **Disadvantages:**
 1. Difficult to associate the different costs for particular program
 2. Difficult for manager to justify the cost of nursing care program



Cost-effectiveness analysis

- Cost-effectiveness analysis is a form of economic analysis that compares the relative costs and outcomes (effects) of two or more courses of action.
 - Cost benefit Analysis
 - Cost effectiveness



CPM Critical Path Method

- In 1957, DuPont developed a project management method designed to address the challenge of shutting down chemical plants for maintenance and then restarting the plants once the maintenance had been completed. Given the complexity of the process, they developed the Critical Path Method for managing such projects.
- CPM models the activity and events of a project as a network.



Characteristics of CPM

- Provides a graphical view of the project
- Predict the time required to complete the project
- Shows which activities are critical to maintain the schedule and which are not.



Steps in CPM

- Specify the individual activities:
 - Bunch of activities
 - Separate all the activities
 - Make sequence
- Determine the sequence of the activities
 - Activities are interdependent
 - Make network diagram for sequence of Activities
- Draw the network Diagram
 - Once the activities and their sequence have been defined the CPM diagram can be drawn.



Steps in CPM

- Estimate Activity Completion Time
 - The time required to complete each activity can be estimated using past experience or the estimate of the knowledgeable persons.
- Identify the critical Path
 - Critical path is the longest duration path through the network.
 - Object is not to delay in the project
 - Critical path analysis is an important aspect of project planning.



Parameters for CPM

- Earliest start time
- Earliest finish time
- Latest finish time
- Latest start time



Benefits of CPM

- Support the introduction of evidence-based medicine and use of clinical guidelines
- Support clinical effectiveness, risk management and clinical audit
- Improve multidisciplinary communication, teamwork and care planning
- Can support continuity and coordination of care across different clinical disciplines and sectors
- Provide explicate and well-defined standards for care



Benefits of CPM

- Help reduce variations in patient care
- Help improve clinical outcomes
- Support training
- Optimize the management recourses
- Help empower patients
- Help manage clinical risk help improve communications between different care sectors
- Provide a baseline



Limitations of CPM

- Future is uncertain so completion time if project is uncertain.
- An alternative to CPM is PERT project planning model, which allows a range of duration to be specified for each activity.