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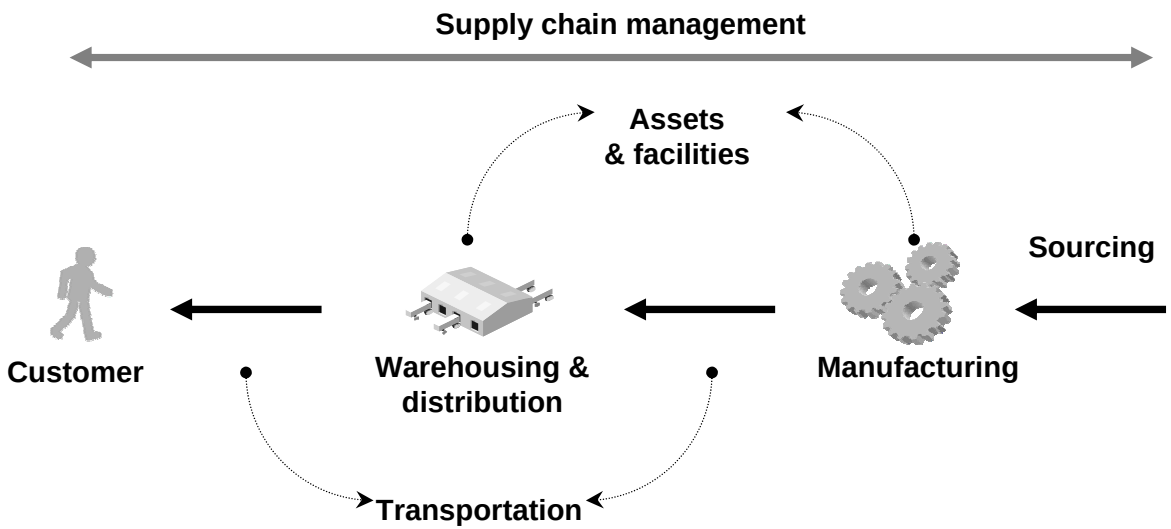
• ABC 2 Store •

logistic engineering tool

Activity Based Costing

Insight in costs of logistics processes



A. Benefits ABC 2 Store

B. Why ABC 2 Store?

C. Model structure

D. Results

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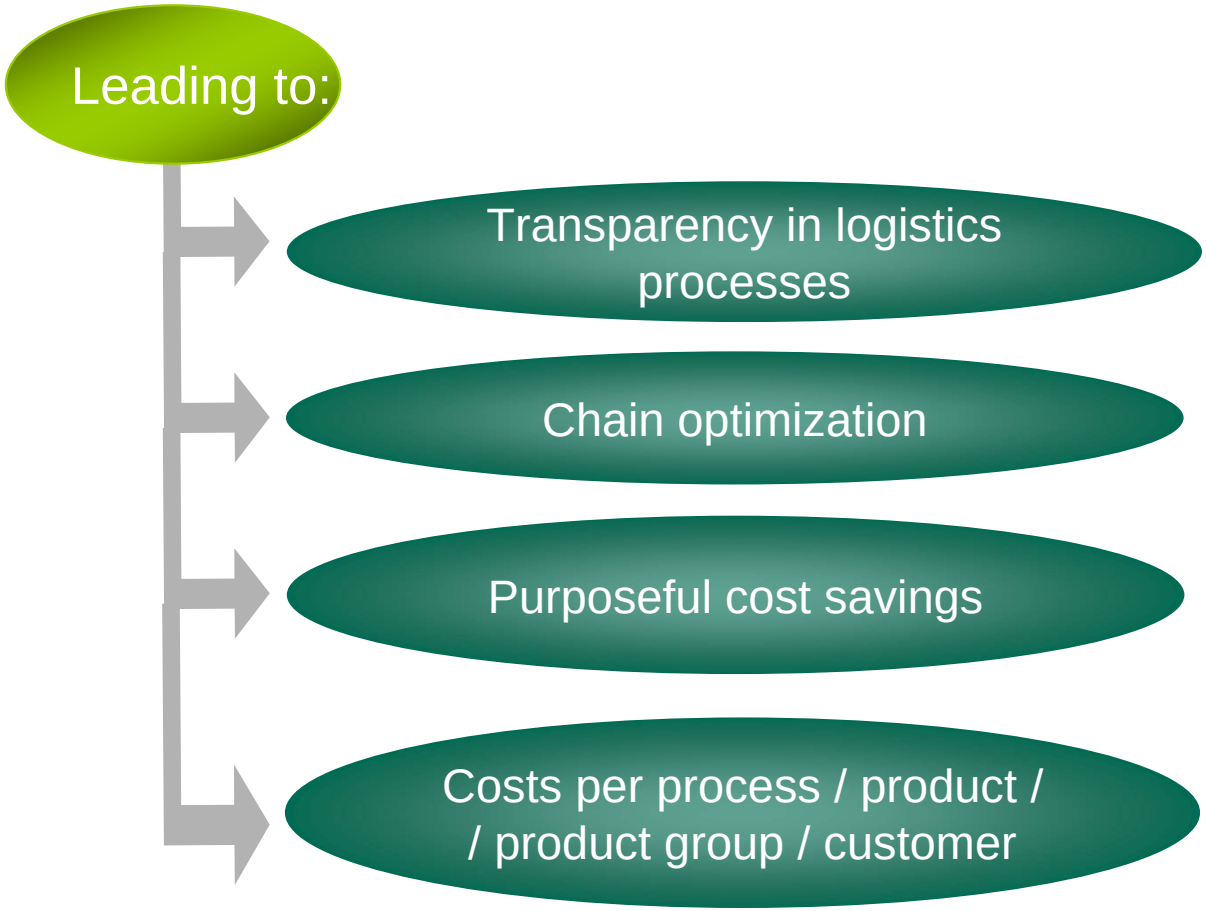
Benefits ABC 2 Store

Implementing and maintaining ABC 2 Store will give you insight in your logistics costs



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Benefits ABC 2 Store?

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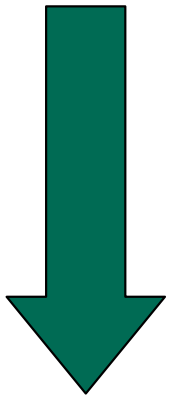
logistic engineering tool

Leads to transparency in your costs



This will support your company in making well-founded commercial choices

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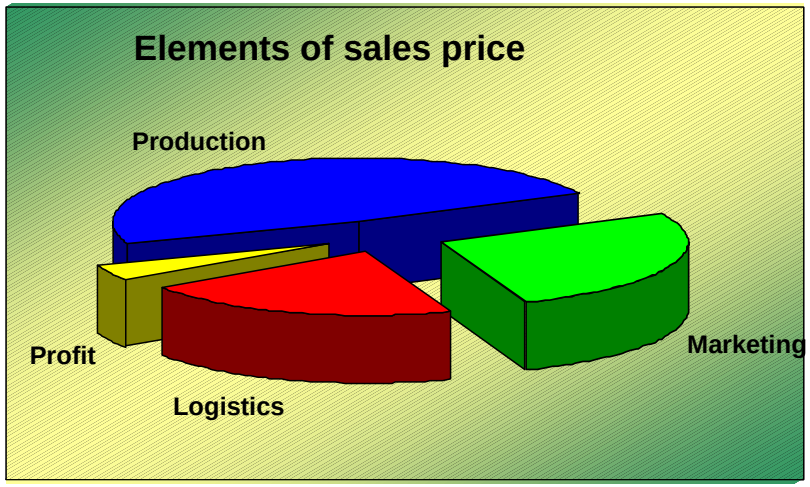
Why ABC 2 Store?

Logistics costs determine
5 - 40% of the sales price

➔

Opportunities for savings



Insight in logistics costs often not available

➔

No control on process-, customer- or product level

<u>Consequence:</u>

20% of products, customers give 120% of profit,

the other 80% give losses

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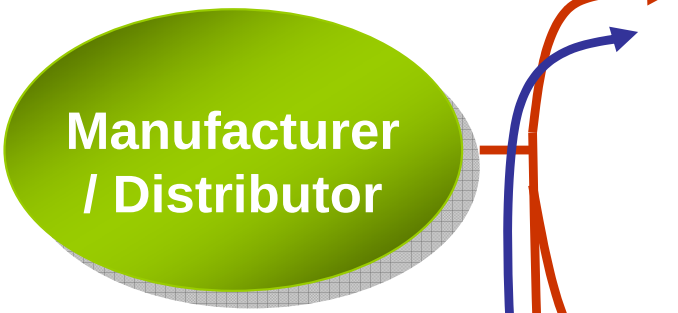
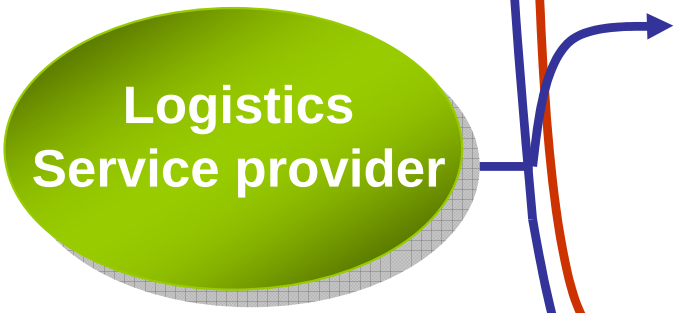
Why ABC 2 Store?





Insight in costs:

- What tariff structure should I use?
- What is the cost price of my products?
- Which products / customers are cost-effective?

Purposeful savings:

- In what order should process improvements be made?
- What is the cost of changes in logistical design?

Chain optimization:

- What is the effect of a changed order profile?
- What is the best mix in optimizing warehousing and purchasing?

All these questions, and many others, efficiently answered by ABC 2 Store

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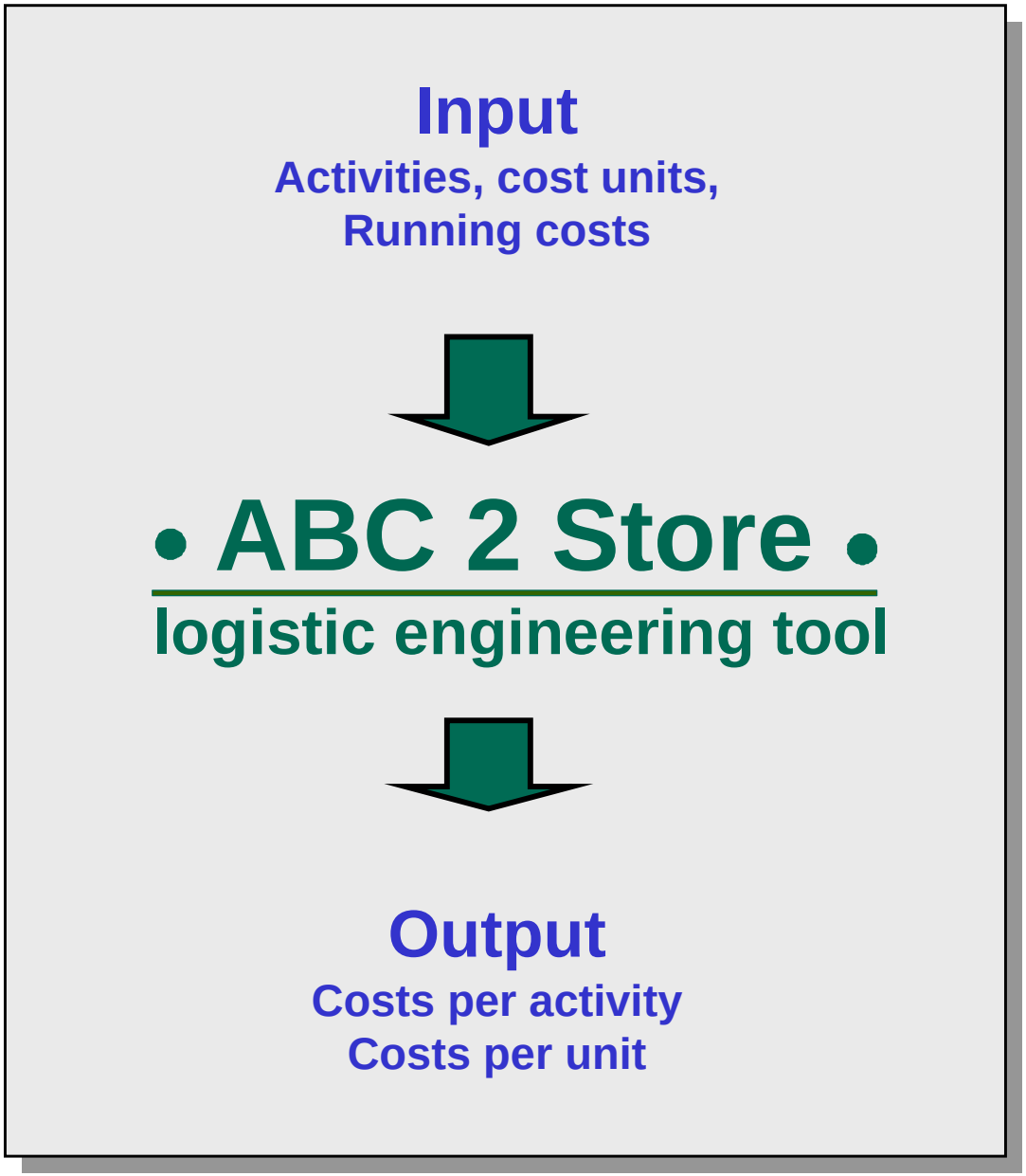
Model structure



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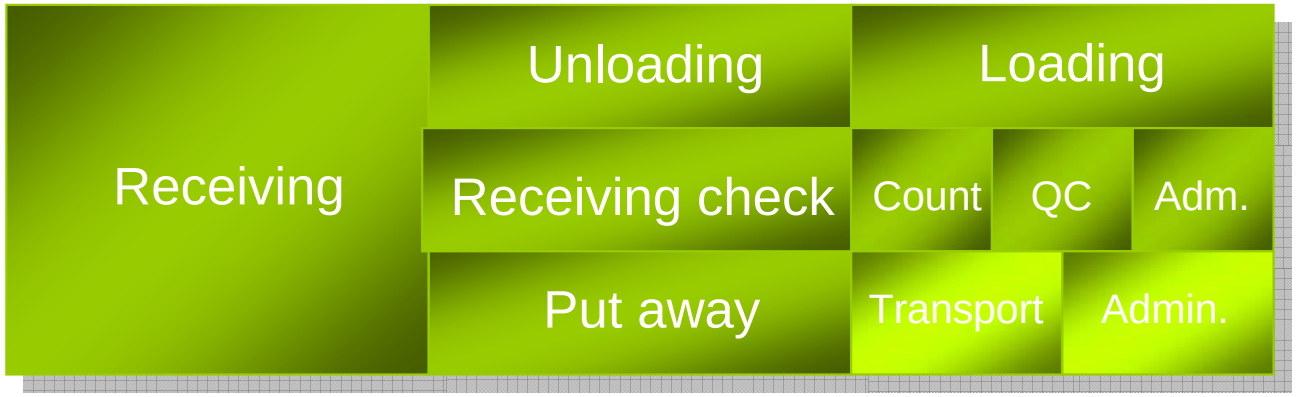
Model structure

The model can handle various levels of details e.g.:
- On cost unit level (orders, orderlines, pallets etc)
- On process level (inbound, picking, outbound etc)



The level of detail depends on the:
- Process
- Target
- Expected added value

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Model structure

Example running costs

RUNNING COSTS	
Indirect personnel costs	302,400
Operational personnel costs	1,831,200
Internal transport	1,242,734
depreciation	556,200
maintenance	194,670
interest costs	491,864
Storage systems	129,360
depreciation	107,800
maintenance	21,560
interest costs	0
Building	1,899,670
depreciation	659,060
maintenance	308,438
interest costs	633,768
energy	298,404
Other costs	1,170,495
land, infrastructure	
depreciation	11,100
maintenance	1,665
automation and other	
depreciation	952,405
maintenance	205,325
rent other facilities	0
TOTAL RUNNING COSTS	6,575,860

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Model structure

Example equipment and FTEs

LEVEL 1 DEVIATION OVER ACTIVITIES

	Receiving	Storage	Orderpicking	Shipping	Quantity in
Operational FTE's					
	9.5	14.6	31	7	*Number of FTE's*
Internal transport					
Combi truck	0	4.4	4.6	0	*Number*
Reachtruck	0	1	3	0	*Number*
Forklifttruck	5	2	14	5	*Number*
Orderpicktruck	0	0	4	0	*Number*
Pallettruck electrical	14	0	0	0	*Number*
Orderpickpushcar	0	2	6	0	*Number*
Tote conveyor	0	0	100	0	*Percentage of total*

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Model structure

Example flows

LEVEL 1 ACTIVITY AND UNIT OF MEASUREMENT

Activity		Unit of measurement		Quantity	
Receiving	*with unit of measurement*	Incoming lines	*Quantity per year*	106,750
Storage	*with unit of measurement*	Article numbers	*Quantity per year*	9,700
Orderpicking	*with unit of measurement*	Outgoing orderlines	*Quantity per year*	1,067,500
Shipping	*with unit of measurement*	Outgoing orders	*Quantity per year*	168,500

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Model structure

Example building and storage

LEVEL 1 COSTS FOR BUILING, STORAGE AND OTHERS

	Receiving	Storage	Orderpicking	Shipping	Quantity in
Building	10	55	25	10	*Percentage*
Storage	0	100	0	0	*Percentage*
Others	25	25	25	25	*Percentage*

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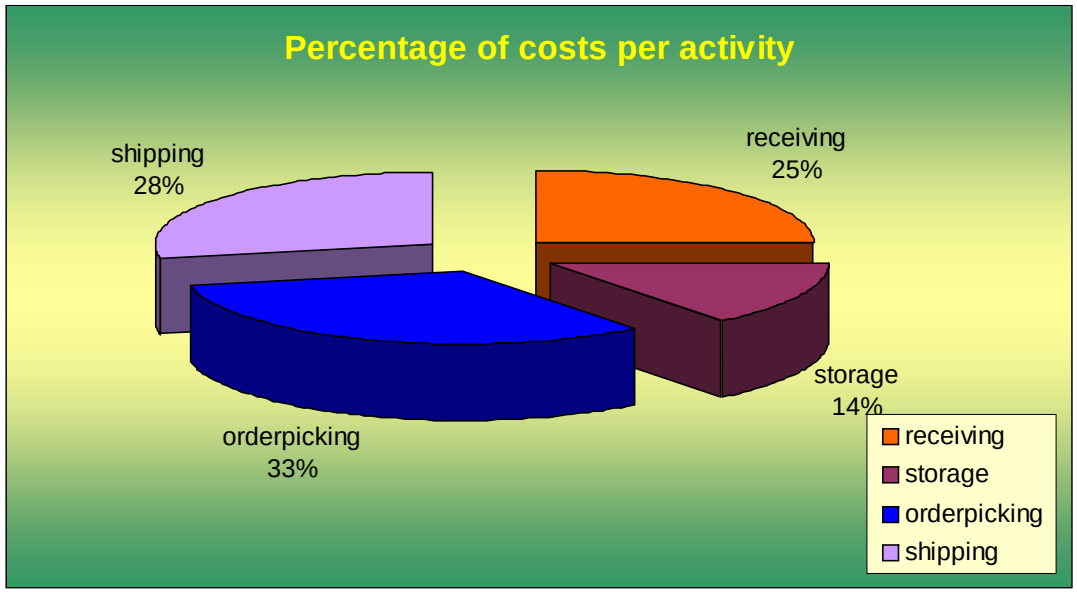

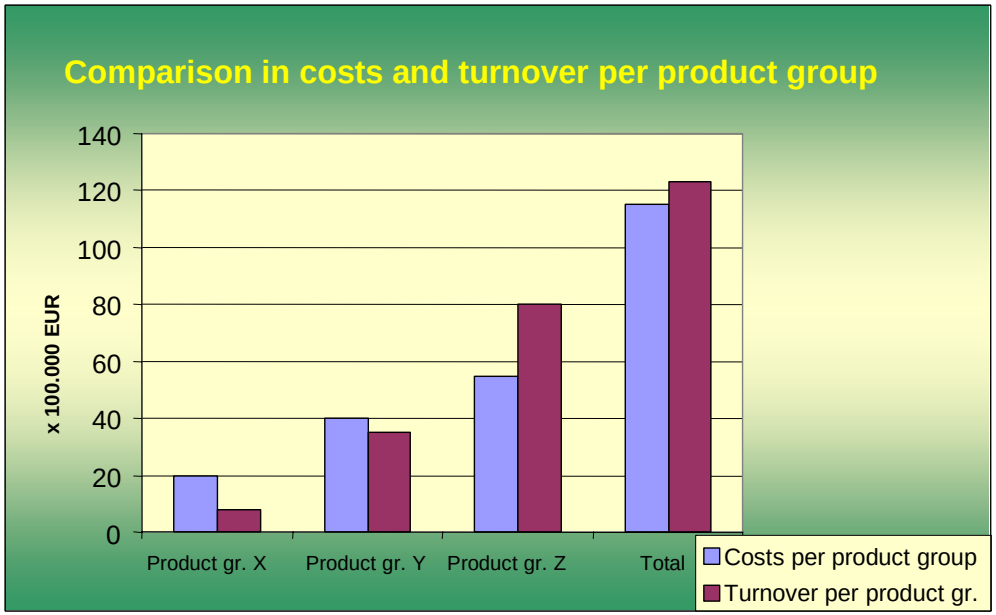

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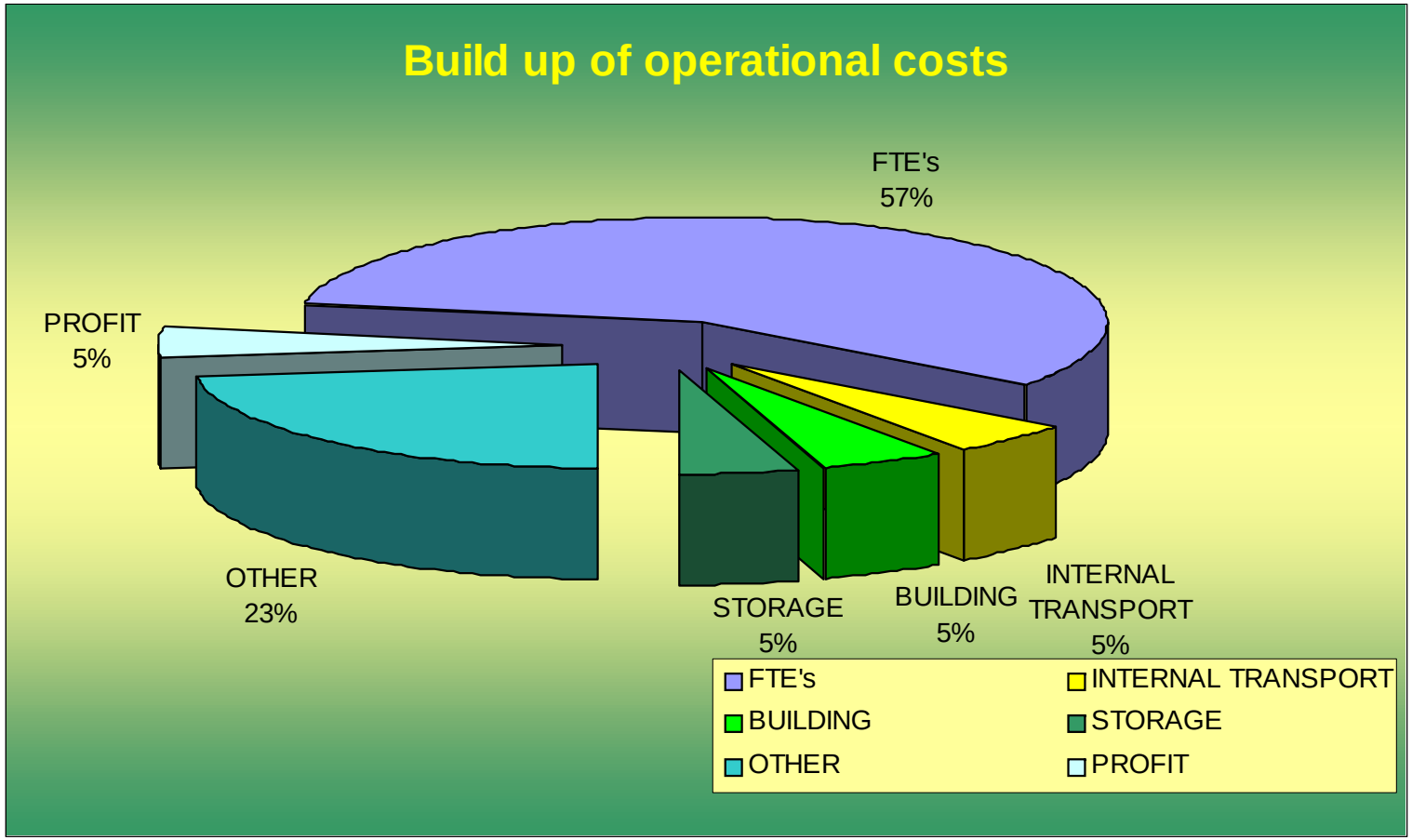
Results



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