

## ***Case Study: Development and Deployment of Manufacturing Accounting Model***

### **The Ask:**

The client was 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 client, from the Operations Finance team, asked that Primecore:

- 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:** The Primecore team then visited the 12 Plants in the client's network to review current practices regarding standard cost development. The visits clarified the concepts on product costing, budgeting, reporting and inventory management for the site teams and ensured best practices were implemented.

### **Outcomes:**

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 to the local plant for 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.

