

The customer in brief



The company: **SPP Group**

The company manages the investment portfolios of the SPP Group and also offers capital investment management for external clients. The SPP Group is one of the leading pension and life insurance groups in the Scandinavian market.

What was the purpose of the project?

The object of the Activity Based Costing analysis was to identify the cost drivers fundamental to the SPP organisation so as to offer competitive solutions and a superior pricing model for successful investment management.

What were the findings of the project?

Activities were defined and mapped in workflows. This made it possible to view activity at the operations or to see them in terms of core processes, from a strategic context. Activities were costed and customer profitability assessed, with reference to activity service levels.

What conclusions were drawn from the project and what decisions were made?

- Activity Measurement

Activities within the company are reviewed on a six-month cycle.

Traditional account-level cost monitoring has been reduced.

Activity-based planning

The company is using the output from the ABC analysis in its budgeting and planning. Fifteen line managers have budget responsibility. They plan for the activities their units will carry out over the following year. Based on their plan, the resources required and expenditure budgets are calculated.

The new budgeting method has been very well received among budget holders. They find it both simpler and more relevant to plan for activity costs rather than to determine an outcome based on the chart of accounts. This leads to better business planning and budgeting.

ABC analysis

The company is using the results from the ABC analysis to determine costs for all investment management commissions.

The cost of producing these services varies, and minor details in each agreement can exert a considerable influence on the cost. These cost differences can be confirmed and highlighted using ABC calculations.

What are the results of the project?

One result is that ABC is today the backbone on which the formulation and follow-up of business plans and budgets depend. Another result is improved cost control in the administration of the products and services SPP Group offers its' customers.

