Activity-Based Management

Activity-based management is a system that enables an organization to manage activities and processes. Once these aspects are managed, organization performance and value can improve. By applying direct and indirect business costs to activities, SAS Activity-Based Management enables managers to get a true understanding of the costs and profits that are associated with a product, customer, service, or business process. SAS Activity-Based Management supports ongoing profitability analysis, cost-management initiatives, shared services management, planning and budgeting efforts, and capacity optimization.

An activity-based management system identifies activities, associates resources (expenditures) with those activities, and flows the cost of activities to cost objects.

Activity-Based Costing

Activity-based costing is the basic tool of activity-based management. Two critical limitations of traditional cost accounting systems are the following:

- the inability to report individual product, customer, service, or process costs with a reasonable level of accuracy
- the inability to provide useful feedback to management for the purpose of operational control

When managers of complex organizations make important decisions using traditional cost accounting systems, inaccurate and/or inappropriate cost information and profitability information cause incorrect decisions. These decisions often affect such areas as pricing, product mix, resource allocations, and budgeting.
Activity-based costing more accurately tracks costs than traditional methods because activity-based costing assumes the following:

- Activities cause expenditure of resources.
- Cost objects (the results of activities or products and services produced) create the demand for activities.

Using SAS Activity-Based Management, one or more models can be built to apply direct and indirect organizational costs to specific activities and processes. As a result, managers are able to see actual cost assignments and their bottom-line impacts from an operational perspective. Managers get a true understanding of the cause-and-effect relationships that link resources and processes to outputs. Therefore, business planners can easily forecast resource requirements, create budgets, and optimize capacity usage.

**SAS Activity-Based Management**

With SAS Activity-Based Management, you can analyze business trends, and you can make the results of your analyses available to business professionals throughout your organization. You do not need to know how to program or how to use database tools.

SAS Activity-Based Management guides you through the steps for Web-enabled data analysis and reporting from a model. With access over the Internet to interactive views of a model, to interactive analysis capabilities, and to customizable reports, decision-makers can:

- learn the true costs of producing and delivering products or services
- identify areas in which profits could be improved
- examine processes and act to improve them

**Licenses**

When a SAS Activity-Based Management administrator created your SAS Activity-Based Management account, you were assigned either a Designer license or a Viewer license. The SAS Activity-Based Management administrator also created roles for your organization and assigned one or more roles to you.

Only the SAS Activity-Based Management features that your combination of license and roles (with model permissions) allows you to use are available to you. If you do not know your license or your role, ask your SAS Activity-Based Management administrator.

**Designer**

With a Designer license, you can view and set up models and use SAS Activity-Based Management to import data. With a role that has Read and Write permissions, you can use SAS Activity-Based Management to calculate costs, to generate cubes, to set up reports, to run reports, and so on.
Viewer

With a Viewer license, you can use the models that have been set up by someone with a Designer license.