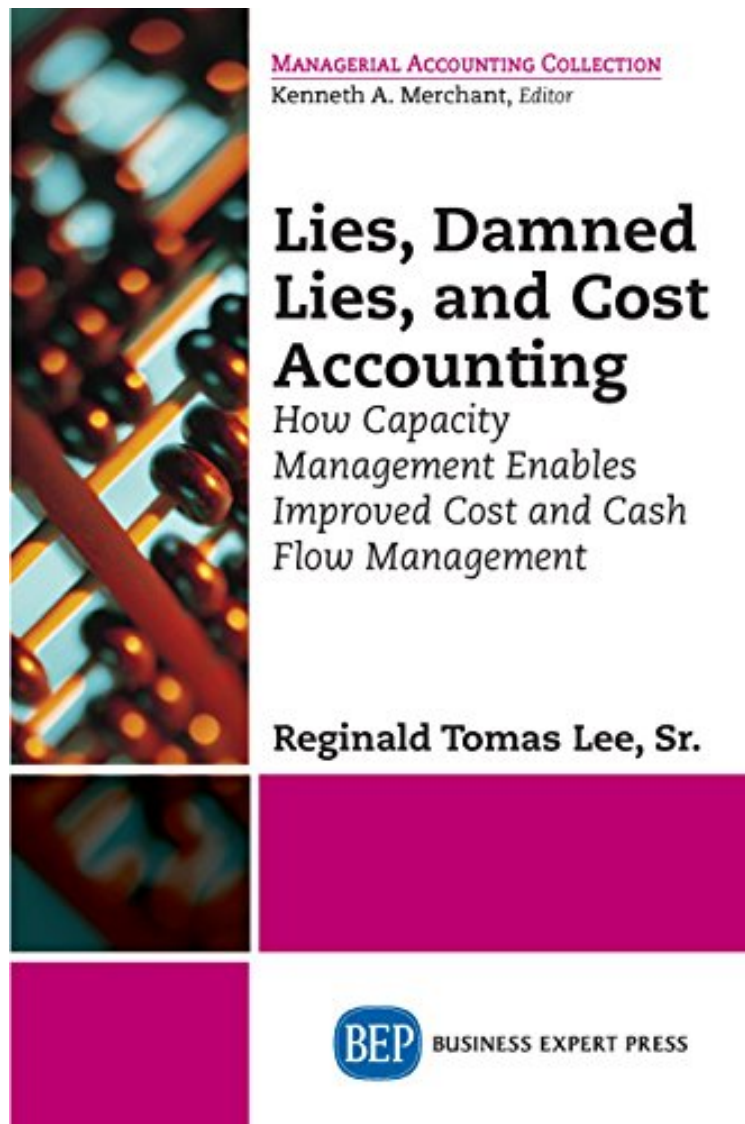


[Mobile ebook] Lies, Damned Lies, and Cost Accounting: How Capacity Management Enables Improved Cost and Cash Flow Management

Lies, Damned Lies, and Cost Accounting: How Capacity Management Enables Improved Cost and Cash Flow Management

Sr., Reginald Tomas Lee

*audiobook / *ebooks / Download PDF / ePub / DOC*



[Download](#)

[Read Online](#)

#1524384 in eBooks 2016-02-18 2016-02-18 File Name: B01BX3ZO8A | File size: 18.Mb

Sr., Reginald Tomas Lee : Lies, Damned Lies, and Cost Accounting: How Capacity Management Enables Improved Cost and Cash Flow Management before purchasing it in order to gage whether or not it would be worth my time, and all praised Lies, Damned Lies, and Cost Accounting: How Capacity Management Enables Improved Cost and Cash Flow Management:

0 of 0 people found the following review helpful. I finally understand why I couldn't make sense of the numbers from

my accountant! By Matthew G. Schmidt For years I operated my business on a cash basis. The numbers were simple to understand, project and allocate. While I did not always understand why my accountants would allocate certain numbers in certain ways, I knew that was to make the best case to the IRS. After hiring a full-time accountant (and growing my business quite a bit) I was pushed to an accrual basis for my accounting. The numbers no longer made sense and I had a terrible time tracking true costs and A/R Aging. I would often fall back on Bank Account statements to draw my conclusions. I truly believed that I just did not understand accounting. Finally someone has explained that my gut feelings about Generally Acceptable Accounting Principles has real basis in fact. 1 of 1 people found the following review helpful. Why Savings do not equal Cash By Thomas Scott Capacity costing helps leaders manage their business more effectively by focusing on generating cash from capacity. RTL concisely and clearly explains using capacity accounting why accounting costs savings do not generate cash to net income and explains how to actually get more cash from your business. Business leaders hear a lot about lean, 6-sigma, and other cost savings efforts. RTL sends us on a "red pill" journey into why "savings" does not generate "cash." Capacity is what consumes much of a company's cash, the use of that capacity is a study in efficiency or effectiveness not cash transactions. RTL introduces capacity accounting to clearly show how improving efficiency often does not decrease costs (increase cash) but increases the effectiveness of the already purchased capacity (people, equipment, etc.). The owner of the capacity has a choice to use it wisely or foolishly but that does not change the cost paid. RTL argues an indicator of weakness in the managerial accounting art of cost allocation is there are multiple ways to get multiple numbers resulting in an accounting fog for leadership. He counters the multiple methods with a simple but effective time change of cash calculated by tracking the cash crossing the boundary of the company. Capacity costing addresses the artificial relationships we create between costs and production. The cost of buying capacity is independent of how efficiently the capacity is used.

Business leaders rely on accounting data such as profit and calculated costs as a guide to whether they are making money. Should they? Accounting was designed to report financial performance not model cash flow. Accruals can disconnect cash flow from the timing and extent to which it occurs. Statements of cash flow do not provide insight into what was bought and how efficiently it was used. Costs and profits are not absolute, they change based on the model you use to calculate them. To manage cash, you must manage what you buy and how effectively you use it. The largest expenditure for most companies is capacity; space, labor, materials, equipment, and technology. Unless you model and manage capacity effectively, you will not achieve the cash flow results you seek. This book introduces capacity management, describes cash flow dynamics, and offers ideas about how to manage both. After reading it, you be able to see, understand, and manage cash flow as never before.

About the Author Reginald Tomas Lee, PhD, is an executive advisor, author, and researcher. His work and research focuses on helping leaders see, understand, and manage cash flow and capacity. He has worked for such companies as GM, IBM, Oracle, and EY, and has advised a number of well-known companies, including Bristol-Myers Squibb, Burger King, Dell, Disney, DuPont, Fidelity Capital, Hallmark, The Home Depot, IBM, Lockheed, Office Depot, Raytheon, Toyota, and United Healthcare. Reginald is also the author of *Explicit Cost Dynamics: An Alternative to Activity-Based Costing* and *Essentials of Capacity Management*. He is the author of several dozens of articles and white papers, reflecting his ideas and experiences solving issues related to capacity, operations, and cash flow. He has a PhD in mechanical engineering from the University of Dayton. Reginald welcomes your feedback and questions. He can be reached at capacity@reginaldlee.org or on his website www.reginaldlee.org.