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COURSE BROCHURE

# Throughput Accounting and Bottleneck Decisions Training Course

16 – 20 August 2027
London

# Throughput Accounting and Bottleneck Decisions Training Course

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Throughput Accounting and Bottleneck Decisions is a 1-week training course for cost accountants, plant controllers and operations managers who need to price, plan and invest around the one resource that limits output, and it produces a throughput decision model for one plant. As capacity tightens and margins thin, standard unit costs often point managers towards the wrong product or the wrong investment. Jupiter Prime Training presents throughput accounting as a decision tool for finance and operations alike.

## Why Throughput Accounting Matters Now

Three pressures shape throughput accounting today: volatile demand that moves the bottleneck from one machine to another within a quarter, energy and labour costs that behave as fixed rather than variable, and boards that ask why reported unit margins do not match cash generated. A plant that knows where its constraint sits can accept the orders that raise throughput per bottleneck minute and decline those that only absorb overhead. A plant that does not will chase utilisation everywhere and fund capacity where none is needed.

## Who Gains Most from Throughput Accounting

- Cost accounting staff responsible for product costing, margin reporting and the inventory valuation
- Plant controllers responsible for capacity budgets, capital requests and profit variance explanations
- Operations and production planners responsible for scheduling the constrained resource
- Commercial and pricing analysts responsible for quoting special orders and setting minimum acceptable prices
- Continuous improvement leads responsible for choosing which capacity projects deserve funding first

A site that sends its controller, a planner and a pricing analyst together gains most, as they can agree one constraint and one set of rules.

## Throughput Accounting Capabilities

Participants read a plant through its constraint rather than its cost centres, and turn that reading into choices finance and operations accept.

- Calculate throughput, operating expense and inventory for a product line — margin reporting to site leadership
- Identify the constrained resource from load, queue and buffer evidence — capacity planning and scheduling
- Rank products by throughput per bottleneck minute — product mix and sales priorities
- Test special orders and make-or-buy options against constraint time — pricing and sourcing decisions
- Weigh capacity investments by throughput gained per unit of spend — capital approval
- Communicate throughput results alongside absorption costing figures — finance directors and auditors

## Key Throughput Accounting Terms

- Throughput — sales revenue minus totally variable costs, usually materials.
- Operating expense — all money spent turning inventory into throughput, including labour, energy and overheads.
- Inventory investment — money tied up in materials, work in progress, finished goods and equipment.
- Constraint — the resource whose capacity limits how much throughput the whole plant can generate in a period.
- Throughput per bottleneck minute — the throughput a product earns for each minute it occupies the constrained resource.
- Throughput accounting ratio — throughput per bottleneck minute divided by operating expense per bottleneck minute, showing whether a product covers its share of costs.

## Throughput Accounting Day by Day

## Day 1: Measuring a Plant Through Throughput

- Throughput, Operating Expense and Inventory Measures — Reframing Plant Profit Reporting
- Totally Variable Cost Classification — Deciding What Belongs in Throughput
- Absorption Costing Distortions — Spotting Misleading Unit Margins
- Cash Generation View of the Plant — Linking Throughput to Funding
- Plant Value Stream Sketch — Locating Where Money Is Generated

## Day 2: Finding and Protecting the Constraint

- Load Versus Capacity Analysis — Confirming the True Bottleneck Resource
- Queue and Work-in-Progress Evidence — Validating Constraint Location
- Time Buffers in Front of the Constraint — Protecting Output Against Disruption
- Wandering and Market Constraints — Recognising When Demand Limits Output
- Non-Constraint Idle Time — Accepting Spare Capacity Elsewhere

## Day 3: Product Mix and Pricing Rules

- Throughput per Bottleneck Minute Ranking — Setting Product Mix Priorities
- Throughput Accounting Ratio — Flagging Products That Fail to Cover Costs
- Special Order Evaluation — Accepting or Declining Extra Volume
- Minimum Price Rule per Constraint Minute — Guiding Sales Quotations
- Make-or-Buy Against Constraint Time — Outsourcing Bottleneck Work

## Day 4: Investment and Performance Decisions

- Capacity Elevation Options — Comparing Overtime, Equipment and Subcontracting
- Throughput Gained per Unit of Spend — Ranking Capital Requests
- Inventory Reduction Effects — Reconciling Lower Stock with Reported Profit
- Local Efficiency Measures Review — Retiring Metrics That Build Inventory
- Dual Reporting Bridge — Reconciling Throughput and Statutory Figures

## Day 5: Practising the Throughput Decision Model

- Plant Measures Baseline — Applying Day One Classifications to Real Lines
- Constraint Confirmation Exercise — Applying Load and Buffer Evidence
- Mix and Pricing Scenarios — Applying Ranking and Minimum Price Rules
- Investment Case Comparison — Applying Throughput per Spend Ranking
- Throughput Decision Model for One Plant — Presenting Rules to Site Leadership

## Applying Throughput Accounting After the Course

- Recalculate the product ranking for your site by throughput per bottleneck minute and present the changes to the sales and planning leads.
- Review the next capital request through throughput gained per unit of spend and attach the result to the approval paper.

## Throughput Accounting Questions FAQ

### What is throughput accounting and why does it matter now?

Throughput accounting measures a business by the money its products generate through the constrained resource. It matters now because shifting demand and largely fixed labour and energy costs make unit-cost margins a weak guide to which orders and investments actually raise profit.

### Which roles gain most from throughput accounting?

Cost accountants, plant controllers and operations planners gain most from throughput accounting. Pricing analysts and improvement leads also benefit when quoting orders and funding capacity.

## How does throughput accounting differ from a standard cost accounting course?

Throughput accounting focuses on the constrained resource rather than on allocating overhead to every unit. A standard costing course builds rates and variances; this one ranks products, prices orders and weighs investment by throughput per bottleneck minute.

## What do you bring back from throughput accounting training?

You bring back a throughput decision model for one plant. It sets out the confirmed constraint, the product ranking, the minimum price rule and a ranked list of capacity options.

## Throughput Accounting: The Way Forward

The throughput decision model gives a plant one shared view of where money is generated. Its first use is usually next month's product mix, agreed by controller and planner. Sales and site leadership then apply its pricing rule. After the first cycle, revisit the constraint location, because a successful mix change often moves the bottleneck elsewhere.