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COURSE BROCHURE

Value-Based Management Accounting Training Course

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Geneva

jupiterprime.uk
info@jupiterprime.uk
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Value-Based Management Accounting Training Course

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Value-Based Management Accounting is a 1-week training course for management accountants, finance business partners and controllers who build a value-based performance scorecard for a business unit. Boards and investors now judge internal decisions by whether they create returns above the cost of capital, so cost and margin figures must connect to economic value. Jupiter Prime Training offers this value-based management accounting course to finance teams across sectors.

Why Value-Based Management Accounting Matters Now

Three forces shape value-based management accounting today. Shareholders and lenders ask how each unit earns its cost of capital, not only whether it meets budget. Operating leaders want product, customer and channel profitability they can act on. An organisation that links costing to value funds the right products and exits weak ones early; one that does not rewards growth that destroys returns. The course rests on residual income measures, Activity-Based Costing ABC, the Balanced Scorecard and discounted cash flow valuation, each applied at business-unit level.

Who Gains Most from Value-Based Management Accounting

- Professionals who prepare product, customer and segment profitability reports
- Finance partners who support pricing, investment and portfolio choices with operating managers
- Controllers responsible for cost allocation rules and internal performance reporting
- Planning specialists who set targets and link budgets to long-range value plans
- Analysts who build driver-based models for capital and resource allocation

A finance function that sends its costing, planning and business-partnering staff together gains most, sharing one logic from cost pool to value metric.

Value-Based Management Accounting Capabilities

Participants learn to trace how unit costs, contribution and capital charges roll up into the economic profit a business unit earns.

- Calculate economic profit and residual income for a business unit — divisional investment reviews
- Design activity cost pools and drivers that reveal true customer cost — pricing committees
- Build a value driver tree linking operating levers to return on capital — unit leadership
- Weigh contribution, capacity and capital use in product mix decisions — commercial directors
- Specify scorecard measures and targets aligned with value creation — performance owners

- Communicate value gaps and improvement options in board-ready terms — executive committees

Key Value-Based Management Accounting Terms

- Economic profit — Operating profit after tax minus a charge for all capital employed, showing whether a unit earns above its cost of capital.
- Value driver tree — A diagram breaking a value metric into the operating and financial levers that move it, level by level.
- Activity-based costing — A method assigning overheads to products and customers through the activities and cost drivers they actually consume.
- Contribution margin — Revenue minus variable costs, the amount each unit adds towards fixed costs and profit.
- Cost of capital — The blended return lenders and shareholders expect, used as the hurdle rate for value creation.
- Value-based scorecard — A set of linked financial and operating measures, each traced to a driver of economic profit.

Value-Based Management Accounting Day by Day

Day 1: From Accounting Profit to Economic Value

- Economic Profit and Residual Income — Which Units Truly Earn Their Capital
- Weighted Average Cost of Capital — Setting the Hurdle for Internal Decisions
- Invested Capital Build-Up — Linking Balance Sheet Items to Business Units
- Discounted Cash Flow Logic — Connecting Unit Plans to Enterprise Valuation
- Accounting Distortions and Adjustments — Cleaning Profit Before Value Measurement

Day 2: Cost Behaviour and Contribution

- Fixed, Variable and Step Cost Mapping — Capacity and Pricing Floor Choices
- Contribution per Constrained Resource — Product Mix Under Capacity Limits
- Operating Leverage Profiles — Exposure of Unit Profit to Volume Swings
- Relevant Cost Analysis — Make, Buy, Keep or Drop Decisions
- Capital Charge on Working Capital — True Cost of Stock and Credit Terms

Day 3: Activity-Based Views of Customer and Product Value

- Activity Dictionaries and Cost Pools — Tracing Overheads to Real Work
- Time-Driven Activity-Based Costing — Low-Effort Driver Rates for Service Units
- Customer Profitability Whale Curves — Serving, Repricing or Exiting Accounts
- Cost-to-Serve Analysis in Logistics and Healthcare — Channel and Service Level Choices
- Unused Capacity Reporting — Resource Release or Growth Absorption

Day 4: Value Driver Trees and Target Setting

- Value Driver Tree Construction — Linking Front-Line Levers to Return on Capital
- Sensitivity Ranking of Drivers — Where Management Attention Moves Value Most
- Balanced Scorecard Cause-and-Effect Maps — Aligning Non-Financial Measures to Value
- Target Cascading From Value Plans — Unit, Function and Team Goals
- Incentive Linkage Tests — Rewarding Value Creation Rather Than Volume

Day 5: Practising the Value-Based Performance Scorecard

- Unit Economic Profit Baseline — Applying Capital Charges to a Case Unit
- Activity Cost Restatement of the Case — Revised Product and Customer Rankings
- Driver Tree Calibration for the Case — Selecting the Vital Few Levers
- Value Gap Narrative for Executives — Presenting Options and Trade-Offs
- Value-Based Performance Scorecard — Measures, Targets, Owners and Review Rhythm

Applying Value-Based Management Accounting After the Course

- Restate one business unit's monthly report to show economic profit beside operating profit, with the capital charge explained to its leader.
- Run a cost-to-serve review for the ten largest customers using activity drivers, and table repricing or service-level options.

Value-Based Management Accounting Questions FAQ

What is value-based management accounting and why does it matter now?

Value-based management accounting links costing, contribution and performance measures to economic profit. It matters now because investors judge every unit against its cost of capital.

Which roles gain most from value-based management accounting?

Management accountants, finance business partners and controllers gain most. You need one method connecting cost data with the value metrics leaders use.

How does value-based management accounting differ from a standard costing course?

Value-based management accounting goes beyond product costing and break-even work. It adds capital charges, driver trees and scorecards to unit cost and margin.

What do you bring back from value-based management accounting?

You bring back a value-based scorecard for a business unit. It holds an economic profit baseline, activity-based profitability views, a calibrated driver tree and owned targets.

Value-Based Management Accounting: The Way Forward

The value-based performance scorecard first informs which products, customers or investments a unit should grow, reprice or exit. Unit leaders and finance partners use it in monthly reviews to track the few drivers that move economic profit. After its first cycle, revisit the cost-of-capital assumptions and the activity drivers, since both shift as the unit's asset base and service model change.