**Application-level Learning Statements**

1. Utilizing the concept of activity based costing would facilitate my ability to assign the cost of each activity according to actual consumption by each operational area.
   * For example, since I administrate the financial affairs of the Materiel Management division, I’m currently charged in 5% or 10% increments across nearly 10 different accounts corresponding to different operational areas.
   * The reasoning behind this is that I’ll be working on some financial activity for any given operational area at any given time, therefore my time should be charged to all the areas.
   * However, my time (in actuality) isn’t spent equally in each area.
   * Taking into account the concept of activity based costing, I believe that identifying and measuring the types of activities I do for the division would lead to a more accurate distribution of how my time is actually charged off.
   * At the moment, I believe that certain operational areas where I don’t actually spend very much of my effort is unnecessarily subsidizing other areas where I do spend more of my effort.
   * The challenge of course is going to be the amount of time that this level of analysis will take.
2. As a small startup business owner, I see the COST-VOLUME-PROFIT (CVP) analysis is of the most useful accounting tool for me to determine how many student I need to teach each month in order to (1) Be profitable and (2) not interfere with my full time work.
   * My company is a food safety training firm, which teaching FDA food safety handling regulation and certifying accredited Food Safety Manager in a food service facility such as restaurant, school, senior community, and hospital.
   * During the managerial accounting class, we discussed CVP analysis with an example of bike manufacturing.
   * I see this analysis technique can be applied to my business to find out what is the breakeven point (# of students), given the training fee per student, the variable cost (teaching materials, marketing materials, classroom rental, and exam administration material) and the fixed cost (computer equipment, office rent).
   * That said, I know how many student I need to teach per month in order to breakeven to my business expense.
   * On top of that, the number of student fee I charge will be my net profit.
3. An enlightening moment came in reading “The Goal: A Process of Ongoing Improvement” in regards to the discussion on focusing on bottlenecks and how to implement this focus at service companies.
   * This concept is simple and common sense but I never read anything or had it explained in a way that is so applicable in all walks of life.
   * Whether in manufacturing or service business, it is crucial to focus on the bottlenecks to increase efficiency. It is also important to set goals and measures that result in the most important goal of the company.
   * It is all too common that performance measures and even compensation measures are not closely tied to the corporate goal, thus employees achieve success without the company achieving success.
   * Also due to the nature of bottlenecks, it is vital that performance measures focus on the performance of the bottlenecks as that is the process that is limiting throughput, while all other processes just need to perform at the speed of the bottleneck.