

Activity Based Costing/Management

Wafer Fabrication Production



Operation Improvement

Case Study

Situation

The client believed that additional efficiencies could be identified in one of their \$5 billion wafer fabrication plants. They were seeking help identifying opportunities to increase asset utilization and achieve operational efficiencies to increase their operating margins.

Project Objective

- Develop an activity dictionary specific to wafer fabrication focusing specifically on asset utilization, depreciation expenses, and cost implications of planned versus reactive maintenance.
- Identify potential operational and asset cost savings that can be tracked and measured on an ongoing basis with an activity management system
- Tie the activity cost system into their respective production log point system and maintenance management system

What We Did

- Facilitate the development of process and activity models for plant operations end-to end
- Analyze the models to identify opportunities to improve organizational efficiency and effectiveness
- Developed a comparative cost model for reactive versus proactive maintenance and repair
- Identify opportunities for cost savings
- Provide a basis for understanding the costs of underutilized assets that is activity driven versus simply time based
- Develop an implementation plan to adopt activity based costing

Results

- Client requested that all results of the project be held in confidence