



## 2<sup>nd</sup> Joint Business Improvement Project

### Output Costing Methodology

#### Introduction

PricewaterhouseCoopers (PwC) has developed an Output Costing Methodology (OCM) to generate output costing information for social service organizations under the 2<sup>nd</sup> Joint Business Improvement Project (JBIP) coordinated by The Hong Kong Council of Social Services.

Effective cost management has become highly important for the non-governmental organizations (NGOs) after the change in funding mode by the Hong Kong Government following the Asian economic turmoil in the late 90s. The OCM aims to enable Agencies better understand their cost structures, analyze and understand how costs were incurred and affected in their operations, and strengthen the capability to make better supported management decisions and identify possible improvement areas.

The purpose of this manual is to help users of the Output Costing Methodology (OCM) to understand, complete and apply the OCM as well as to facilitate the transfer of knowledge within the organization. To fulfill such objectives, this manual not only includes sessions on the conceptual knowledge on costing and background of OCM, but also the detailed guidance and tools that lead to the generation of the output costing information as well as ways to apply the information.

To provide hands-on and detailed guidance for users, this **Operation and Training Manual** consists of the following sections:

- **Part A** introduces the OCM project background.
- **Part B** introduces the OCM costing concepts and design.
- **Part C** explains the methodology in details and provides step-by-step guidance for users to practically deploy the tool for their own services. For users who are familiar with the background and concepts of OCM, they could directly jump to this section for hands-on guidance to apply OCM for own services.
- **Part D** provides guidelines and some samples on how to review and interpret the information generated by the OCM templates.
- **Part E** illustrates the various possible uses of the information generated by the OCM to achieve business improvements.

Samples of services categories and activities for selected lines of service services by various participating Agencies are provided in **Appendix A**.

A sample communication note to prepare and inform staff on collecting their work hours allocation is provided in **Appendix B**.

A sample output costing schedule with made-up figures is illustrated in **Appendix C**.

## 第二次業務改進合作計劃

### 服務成本分析方法的

#### 簡介

項目顧問公司羅兵咸永道在社聯統籌第二次聯合業務改善項目中，為社會服務界別設計了一套服務成本分析法。

在九〇年代的亞洲金融風暴後，政府改變了對社會服務界別的撥款模式；因此，有效的成本管理對整個界別變得非常重要。服務成本分析法的目標就是幫助機構通過成本分析，了解及計算服務成本，分析服務成本如何產生及受影響，提昇機構能力以作出更明智管理決定及找尋改善空間。

我們設計了使用手冊，目的是幫助使用者了解、完成及運用服務成本分析法以及協助機構內的知識傳播，亦分享了參與機構所遇到的難題。為了達成這些目標，使用手冊不單只包括了成本管理的概念及服務成本分析法的背景，更包括詳細指引如何產生以及運用成本資訊。當中內容編排如下：

- A 部份介紹服務成本分析法項目背景；
- B 部份介紹成本管理的概念以及服務成本分析法的設計；
- C 部份解釋詳細方法以及逐步指引使用者使用工具在服務上。若有使用者已非常了解項目概念及背景，可直接使用此部份；
- D 部份提供指引及範例，解釋如何檢察服務成本分析法所產生的成本資料；
- E 部份示範幾個運用成本資料的方法達至業務改善。

參與機構的不同服務類別範本列在附件 A 內，而向同事簡單介紹此項目的簡訊範本列在附件 B 內，有關服務成本分析法連同模擬數字的範本則列在附件 C 內。