ABSTRACT

To become success, a full understanding of costs and cost structures is necessary. In addition, the method of calculating the cost is often being a factor that influences the company decision-making. From several cost calculation methods have been applied so far can be concluded that if company wants to obtain accurate cost information, they have to identify what is causing the cost, which is an activity. It shows not only cost that should be managed, but also activity.

The research objective is to perform simulation of activity-based management approach to identify non-value-added activity and achieve cost efficiency. The object of this research is a private company engaged in the dry bulk coal trucking services.

This research is based on qualitative methods. The analysis method used in this research is descriptive method which involves collecting data in order to answer questions concerning the situation on the running time of basic research. The method performed by identify and analyze company’s activities and costs to achieve cost reduction.

Results obtained from this research indicate that the application of activity-based management system could identify both of value-added and non value-added activities of the company. From the analysis, company can conduct cost reduction by reducing inefficient activities, which are fund preparation activity and record the activity transaction. The company also can perform activity elimination for non value-added activity which is report the activity. Thus company can minimize the total costs by Rp 119,250,514,00 without reducing the quality of services produced and gain the competitive advantage over the competitor.

Keywords: Activity-based management, non-value-added activities, cost reduction.