ABSTRACT

Companies are always required to serve good quality product with low price to become success in competitive environment of business. Full understanding of the company’s management is a must for knowing the business risk of the product. This can lead the company to know deeper about the market as well to become more efficient in the operation.

This study aims to focus on enhancing cost efficiency by applying cost driver analysis with strategic cost management approach for manufacturing company. The research object is PT SERUNI INDAH, a manufacturing company of plastic and bag industry especially for Hajj luggage project as its biggest project of 2013.

Descriptive study is used during the research to attain the systematic, factual and accurate information on the facts, properties, and the phenomenon under study. The next step was conducting field study by which researcher directly observed the research object. This research is focusing on cost reduction for Hajj Luggage of 2013 only as the case study.

In manufacturing company, production cost spends the most expense of the company and to gain efficiency it should be reduced. Nowadays, strategic cost management is the most suitable to reduce it. Based on the cost driver, cost production can be reduced up to 13.6% of the whole cost production. It can be reduced based on each aspect of the production such as, material and labor wages. This research proves that PT SERUNI INDAH can reduce its production cost by 13.6% by applying strategic cost management to the company for Hajj luggage during 2013.

Keywords: strategic cost management, cost driver, cost reduction