

Thomas G. Welsh
Certified Management Accountant
tomgwelsh@hotmail.com
919-598-5017
www.valuepointaccounting.com

Topic: **Nano-Accounting: Value Point Accounting for Higher Profitability**

Value Point Accounting (VPA) is a low cost technique to determine complete business financial statements and ROI for *each* product or service sold to *each* customer (called a “value point”). This is accomplished by merging finance principles with modern cost accounting methods - such as activity based costing (ABC)/resource consumption accounting (RCA) - and tailoring them to business operating processes. The financing cost of balance sheet resource usage is added to P&L expenses to determine each value point’s economic profit – the total financial impact on the business.

Value point accounting information can be used for decisions on pricing, customer management, credit, product cost reductions, and capacity investments. VPA can also identify overall profitability goals for business operating units. Implementation for a small or a large business can usually be done without additional staffing or software expense.

A recent article on value point accounting can be seen at:
www.bpmmag.net/mag/nano-accounting-for-higher-profitability-11-20/

Bio: Tom Welsh

Tom Welsh is a certified management accountant and MBA who provides CFO services and business profitability management services. His background includes cost system designer and Division Controller at Texas Instruments and then Chief Financial Officer for companies in the electronics, industrial products, building materials,

consumer products and biotechnology industries. Tom can be reached via the website: www.valuepointaccounting.com

Outline:

1. What is Value Point Accounting (VPA)
2. How it differs from conventional product and customer profitability measures
3. How to determine the cost of capital associated with each balance sheet account
4. How VPA can be used for decisions on pricing, capacity and cost reductions
5. Applications in various economic conditions
6. What type of businesses and industries get the most value out of VPA