

**KRAM**



It's that easy.

# Activity-based costing

@ The Rockfeather Future of data & analytics event

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Background in data & analytics consulting



15 + years of experience in management reporting projects



Show-jumping as hobby



# Kramp

Europe's largest specialist in spare parts and accessories for the agricultural industry

# Global Facts

Figures 2022

**1104M**

2022 € TURNOVER

**>3K**

EMPLOYEES (FTE)

**23**

SALES OFFICES

**11**

DISTRIBUTION CENTRES

**7.5** (OF 10)

EMPLOYEE ENGAGEMENT SCORE

**>57K**

CUSTOMERS

**>500K**

PRODUCTS

**188K**

DAILY ORDER LINES

# Core Industries

Kramp focuses on three industries for its wholesale business.

CUSTOMERS

TURNOVER



**€ 732M**  
**42.5K**  
Agriculture



**€ 83M**  
**5.5K**  
Forest & Grass Care



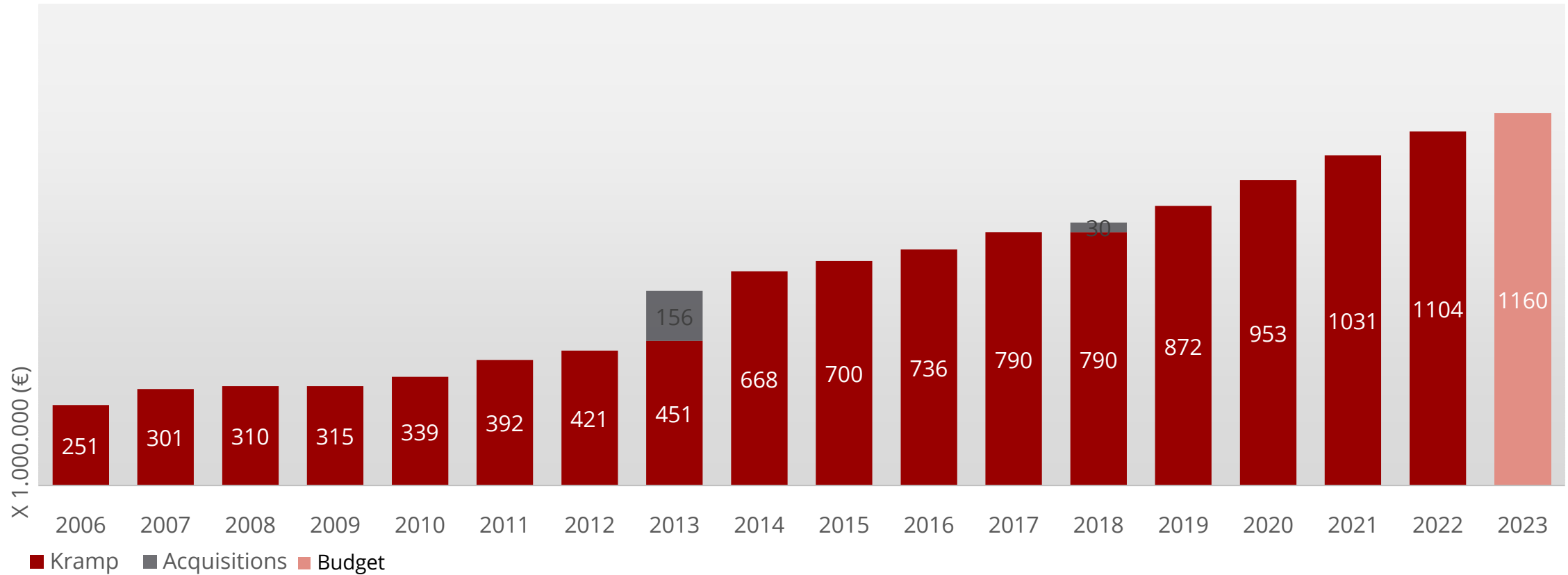
**€ 65M**  
**3.8K**  
Construction



**€ 200M**  
€ 116.5M OEM  
€ 83.5M MRO  
**5.9K**  
OEM & MRO

# Overall Turnover

Continuous growth through the past 15 years



# Strategic Principles

These rules steer our decisions

- ▶▶ Profitable Revenue Growth
- ▶▶ Scalable and Efficient
- ▶▶ Customer Experience Dedicated
- ▶▶ Digital Leading in our Industries & Data Driven
- ▶▶ Enable Joint Success





# Activity-based costing

Profitable revenue growth

# If we focus on turnover and margin, the bottom line will follow...



Really good insight into turnover and margin but not on profitability



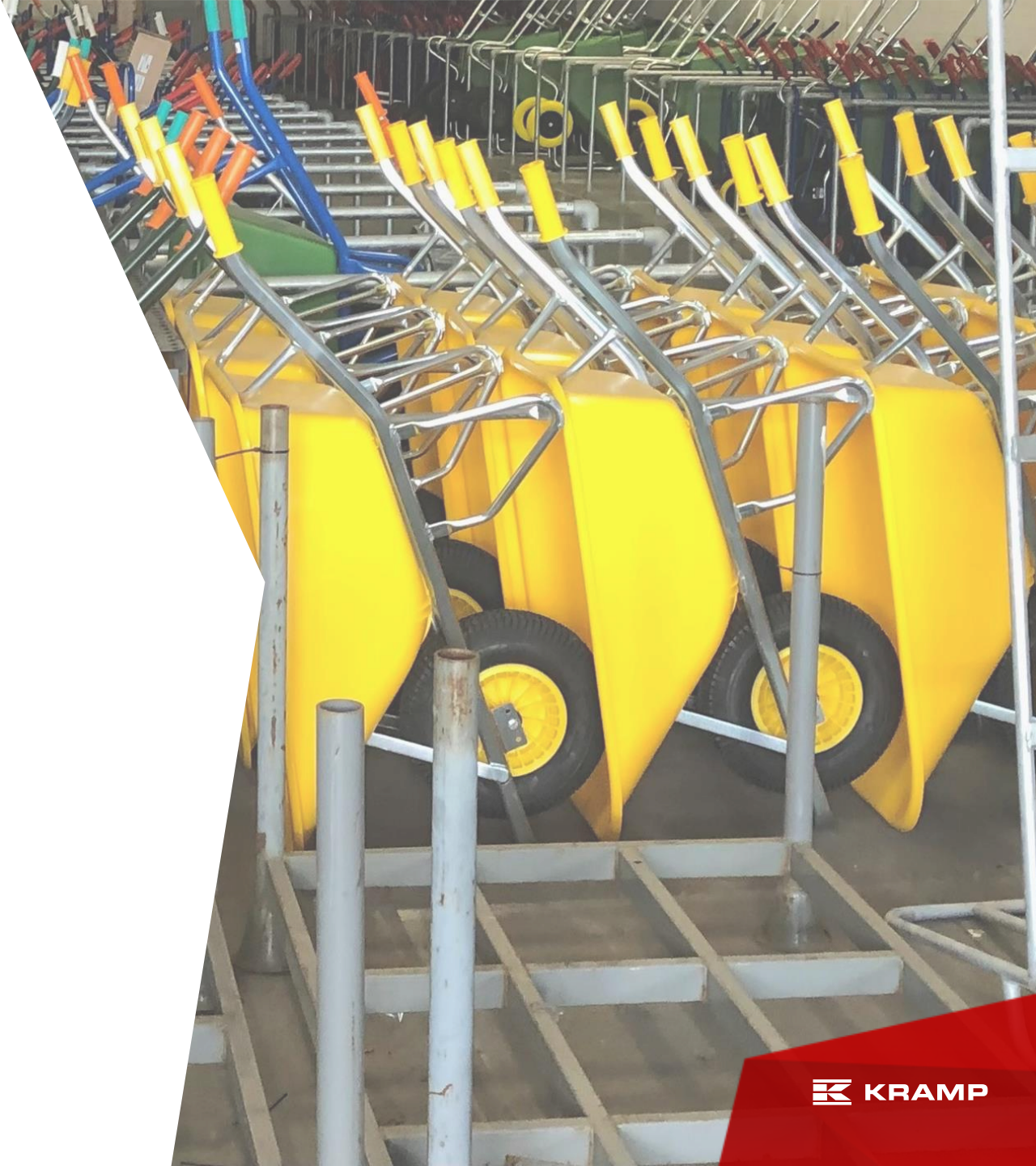
ABC as methodology to assign the costs to products and costumers



Are we doing the right things?



Are we doing things right?



# The projects started with the warehouse costs, sales costs and the distribution costs



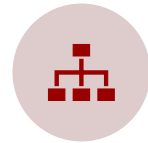
For each of the cost element we needed to define and create the cost drivers for each step in the ABC framework



How do we want to group the costs?



What drives the costs to the activities?



How can the activities be assigned to the customer order lines?



Where can we find the data?



# 188K daily order lines are handled in our 11 distribution centres

The main cost drivers are the time spent and materials used

Hour registration data provided the activity split

In each activity we handle pick lines and each step is scanned and stored in the database

This gives us detailed data on each customer order line handled in the distribution centres



# The order lines needs to be delivered to our customers

The main cost driver is the costs for each shipment

Carrier and service levels provides the activity split

Each shipment has a cost that is used to drive the cost to a shipment level

We know which order lines are in which shipment and the cost can be assigned to the order line



# More than 700 experts interact with our customers

The main cost driver is the time of the different interactions

Team structures provides the activity split

Different communication channels records the interaction time with the customers

The order lines are linked to the customers and the costs can be assigned to the most detailed level

**23**  
SALES  
OFFICES



# Use cases



Follow-up of the profitable revenue growth



Assortment analysis



Process benchmarking



Data driven decision making



360-degree customer evaluation

# Lessons learned



A well-designed data platform makes the project faster



No middleman between developers and business experts



Fail fast and learn fast



Big data = optimization and data cost awareness



Local flavours in processes generates more business rules



Data blind spots require manual estimations





**Thank you!**