

# Costs Analysis and Operational Review Building Services Authority

## Background

The Building Services Authority (BSA) relies on Building Insurance Premiums and Fees from BSA License holders. From 2002, it was recognised that the financial position of the BSA had been deteriorating as funding had not kept pace with the costs attributed to new legislation and the growing building industry.

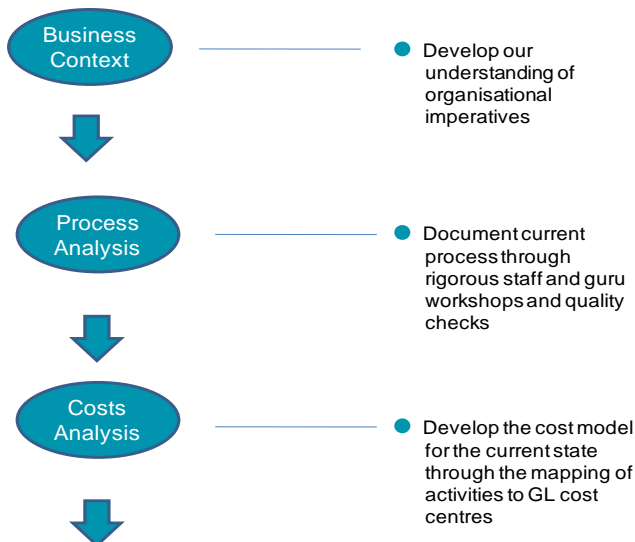
451 Consulting was initially engaged to assist in development of a Cabinet Submission to the Cabinet Budget Review Committee (CBRC) to describe the financial position and confirm additional funding requirements. Subsequently 451 were asked to develop an ABC model for the current and previous year, and to provide a 4 year forecast based on growing business activity. The BSA were also keen to identify performance improvement opportunities recognising that all organisations can be improved.

## Process

The 451 Consulting approach uses ABC to document core processes and outputs. These process maps are used in developing the ABC model by matching GL cost centres to the activities that consume costs.

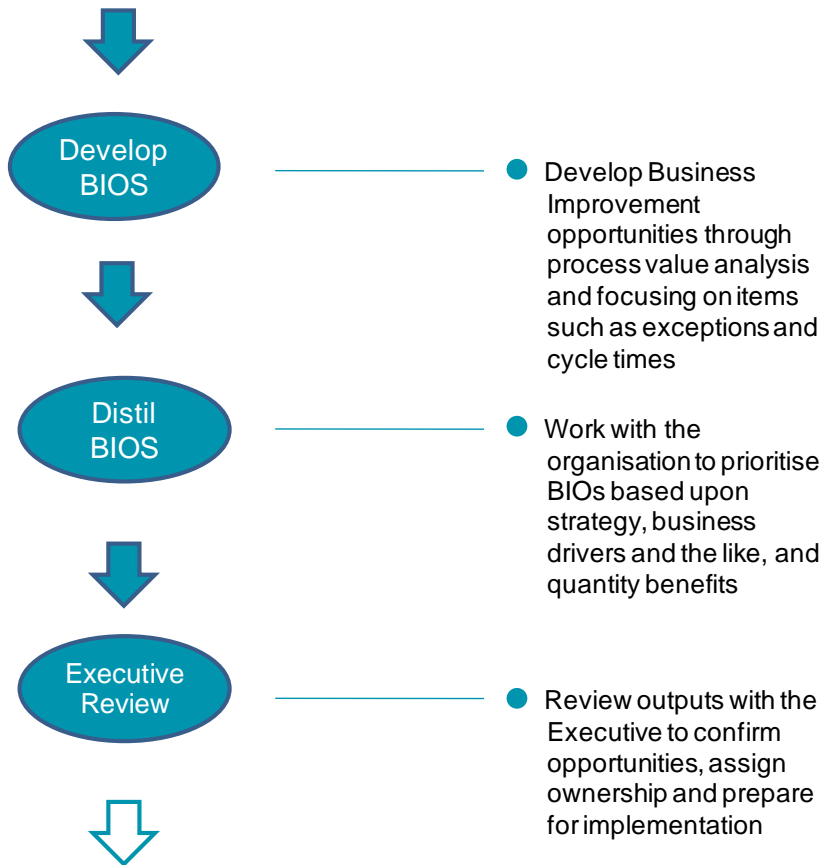
At 451 our ABC projects are founded on Change Management principles to ensure staff and management are receptive to change and will ACT on recommendations. We can also link your ABC system to an organisational balanced score card Performance Management environment so operational information about process and activity costs can be monitored with other key indicators.

The detailed process maps developed to support the ABC activities provide a rich basis for subsequent Business Improvement identification. Our end-to-end methodology detailed below ensures that the investment made in ABC is fully exploited to extract maximum value.



**451 has a framework that helps to weave ABC and Business Improvement into the fabric of your organisation. We help you achieve high performance by creating a tight linkage between framework elements.**

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Integrate BIODs into implementation stream and manage and extract benefits

## Outcomes

The process created a collective view of BSA’s financial position based on a process view, assisting the BSA in future pricing as they have a better handle on the full cost of serving Consumers, Contractors, and Builders. The 451 business improvement process allowed the BSA to tap into the great ideas of staff resulting in over 100 Business Improvement Opportunities.

## Testimonial

“451 Consulting has assisted the BSA by undertaking a Cost Analysis and Operational Review. The results are an improved understanding of the nature of our costs (from the ABC model), and identification of over 100 Business Improvement Opportunities which will allow us to reach new levels of efficiency and effectiveness.”

**Ian Jennings, General Manager, Building Services Authority**

**Integrating ABC and Business Improvement provides a powerful mechanism to maintain momentum to allow a seamless move into project implementation and thus into true business improvement and benefits realisation.**