

# CMA and CII sign MoU to introduce TCM Maturity model to SL

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The Institute of Certified Management Accountants of Sri Lanka (CMA), the National Professional Management Accounting Institution in Sri Lanka in association with Confederation of Indian Industries (CII) -Total Cost Management Division (TCM) signed a Memorandum of Understanding (MoU) to introduce CII-Total Cost Management (TCM) Maturity model to Sri Lanka for the first time.

"We are pleased to introduce 'Total Cost Management Maturity Model' (TCMMM) practice to Sri Lanka for the first time. In fact TCMMM is also world's first ever such model on costing," said Head of CII-TCM Division K V Mahidhar and added, "TCM is costing by design. It is one of the most powerful tools that firms can wield in their quest for competitive advantage."

Total Cost Management is a company-wide systematic and structured approach, which provides a holistic framework to

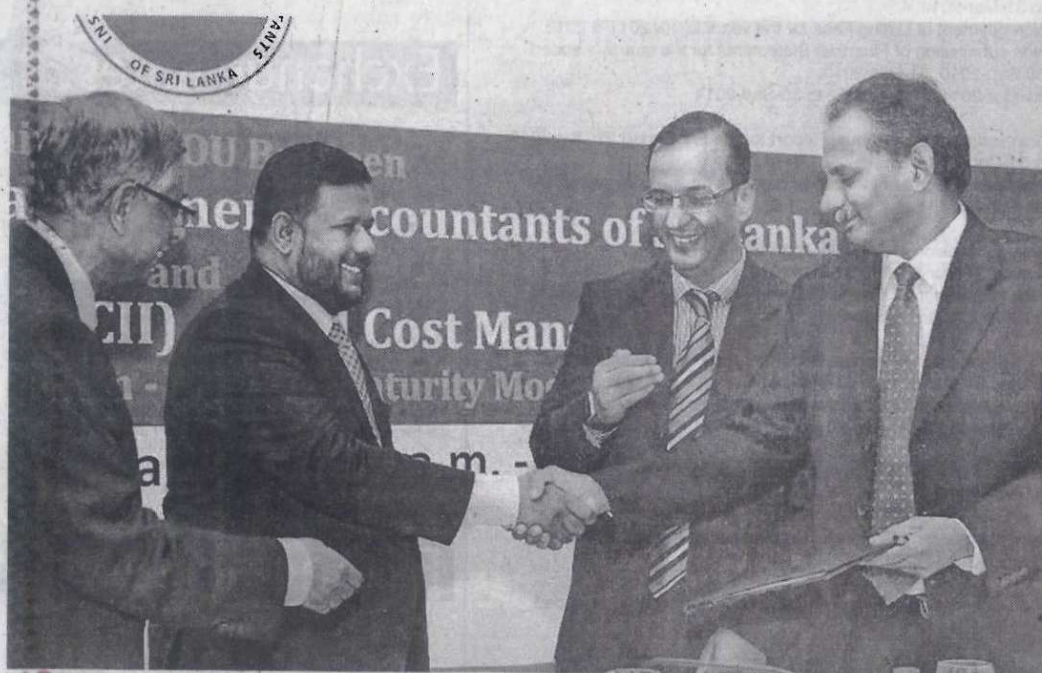
control, reduce and eliminate costs, throughout the value chain. This process of managing the financial outcome of activities encompasses all operations, internal and external. For these reasons, TCM is one of the most powerful tools that corporations can wield in their quest for competitive advantage.

Minister of Industry and Commerce Rishad Bathiudeen speaking at the signing ceremony said, "as Lankan industries face increasing market challenges, accurate identification of their costs is essential for them to face both local and global competition. Therefore it is time that Lankan industries adopt stronger cost controls across the board. Rising costs have become a big challenge to our industry competitiveness. I believe that our industries need to adopt stronger cost controls."

"Profitability of the companies depends not only on their revenues but also on the effectiveness of their cost management. Revenues are market driven

and may not be very clear until sales are confirmed. On the other hand, except for variable costs, most costs in general are far more predictable and could be identified to formulate a working model of total cost estimation. Still, as information complexities grow in a climate of market uncertainty, using common cost management as a tool to gain competitive advantage becomes more and more challenging"

Minister Bathiudeen added, "Today, a large section of the local industries catering to the local and export markets are facing many challenges in costing and pricing of products and meeting the competition as a result. The apparel industry which is the largest industrial export from Sri Lanka has faced competition from low cost supplier countries and some global buyers have switched to these low cost suppliers. TCM could help to control overall costs thereby streamlining total costs and overcoming costing challenges."



Minister of Industry and Commerce, Rishad Bathiudeen greets Chennai based Head of CII-TCM Division K V Mahidhar (far right) as Mahidhar prepares to exchange signed MoU with President of CMA Sri Lanka Prof. Lakshman R. Watawala and First Secretary, Economic and Commercial of High Commission of India to Sri Lanka, Kartik Pande looks on.