

ABC Analysis of Monthly Medicine Expenditure

Experiment 8 - Practical Notes

Name: _____ Roll no.: _____ Date: _____

Aim

To complete the abc analysis of monthly medicine expenditure activity and document a justified outcome.

Principle

ABC analysis classifies items by their cumulative expenditure contribution. It supports financial control but does not measure clinical importance by itself.

Requirements

- Institution-assigned hospital scenario, approved policy documents or coded records.
- Activity form, calculator where required and supervising pharmacist.

Procedure

1. Prepare data

Use the supplied monthly quantities and unit costs on the same costing basis.

2. Calculate value

Multiply quantity by unit cost for each item and calculate the total expenditure.

3. Rank

Sort items from highest to lowest expenditure and compute individual and cumulative percentages.

4. Classify

Apply the explicitly assigned A/B/C boundaries; do not treat illustrative boundaries as mandatory.

5. Interpret

Combine cost priority with clinical criticality, shortage and expiry information before proposing action.

Observations and Record

Record component	Entry
Item / quantity / unit cost	_____
Item expenditure	_____
Percent of total	_____
Cumulative percent / category	_____
Control proposal	_____

Worked Example

The numbers below are illustrative; enter your own observations in the record.

- Item value = quantity × unit cost; percentage = item value / total value × 100.
- Illustration: values 8000, 1500 and 500 total 10,000. Shares are 80%, 15% and 5%; cumulative shares are 80%, 95% and 100%. Category boundaries must be stated.

Result

Activity / case code: _____. Finding: _____. Proposed action: _____. Review outcome: _____.

Precautions

- Use supplied records or the authorised local workflow; do not invent approvals or completed work.
- Protect patient and institutional confidential information.
- Keep a proposed student action distinct from an approved operational decision.

Viva Questions and Answers

1. Why document the basis of a decision?

It permits review of the evidence, responsibility and outcome.

2. What does the supervisor review?

The suitability of the proposed action and whether the record supports the conclusion.

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