

## ***ABSTRACT***

Global finance crisis influence causes every company to be demanded to carry out effectiveness enhanced and efficiency in course of production. In size traditional management that is used to evaluate performance cost efficiency, that is how does efficient a activity consuming resource in produce product. Concept cost efficiency replaced with concept cost effectiveness with paradigm reshuffle existence to customer value. Cost effectiveness or known with term manufacturing cycle effectiveness (MCE) is size that show percentage value added activities found in a activity that used by company to result value for customer. Activities that must reduced and caused in business is called with non value added activities. Non value added activities is not need to run business operation, so that must reduced and caused, to give value and increase profit companies. Using MCE used to detect decrease the production cost.

This research internal issue formulation what is MCE has decrease towards non value added activities in palm oil factory PT. Prima Palm latex Industri Asahan.

This research result shows calculation from MCE experience enhanced is 1,75%. Finally, ability and effectiveness company can be increased with activity improvement to reach cost effectiveness optimal.

*Keywords: manufacturing cycle effectiveness, non value added activities*