

# Do you need a (new) cost system?



From the moment your business opened its doors, there was some method in place to calculate the cost to make the products you sell. It was probably as simple as tabulating the receipts of materials purchased to make it and then subtracting the money spent paying people to build it.

But over time, as your product offerings grew, your manufacturing processes became more complex, and your share of the market increased - the process of calculating those product costs and communicating the results got more complicated, too. It's hard to know whether it's the right time to invest in a cost system, but there are some indicators that deeper cost insights can provide the roadmap to increased profitability and business stability.

# A few symptoms of a poor costing process

Cost system failures are not overnight catastrophes. Instead, cost systems lose their effectiveness over time if they do not adapt to business and market changes.

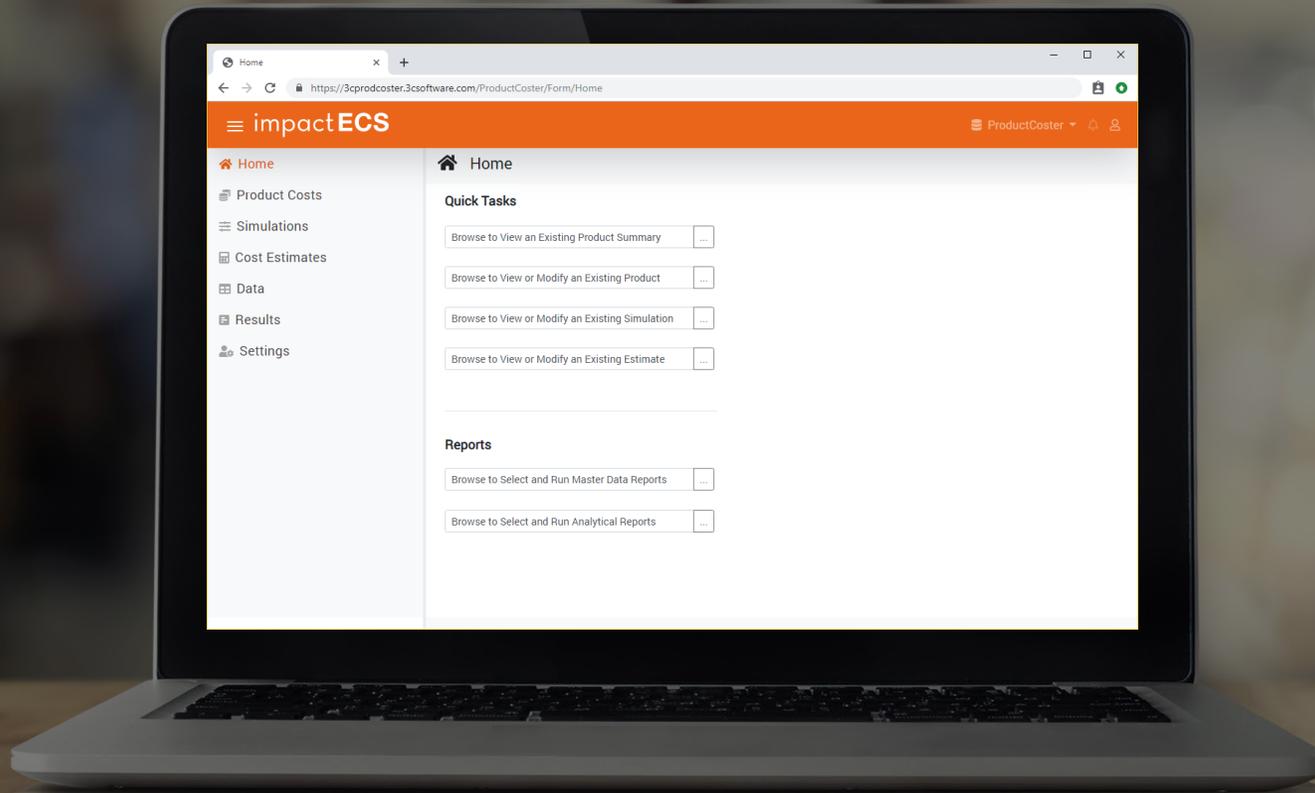
Robin Cooper, one of the leading voices on costing, famously shared a comprehensive list of symptoms that can predict whether a company should evaluate they need for a cost system – many of which still ring true today.

Here's our take on how some of those symptoms can affect your business today.

Want to read the whole list of 20 symptoms? Check out ["You Need a New Cost System When..."](#).

<b>Profit margins are hard to explain</b>	Calculating profit margins accurately requires having accurate values for both the revenue generated by the product as well as the cost to make it. Without the ability to transparently show the drivers of cost across all categories – materials, labor, and overhead – it's impossible to decide the best ...
<b>Departments have their own ways to calculate costs</b>	If functional departments have their own cost system (usually in the form of spreadsheets), you have a problem! With multiple versions of costs calculated differently can only lead to problems or poor decisions.
<b>"Special projects" aren't really special</b>	When the detailed, foundational cost answers aren't available, it's impossible for costing teams to find time to focus on delivering value-added analysis. Instead, they spend time creating data and less time running simulations to see the impact
<b>Changes in strategy and behavioral goals</b>	As companies evolve, their approach to costing must change. It's time to assess your costing capabilities when your current process does not adapt to the needs of the business.

# So how do I know if the Product Coster is the right cost system for us?



Product Coster is a cloud-based application designed to rapidly calculate meaningful, accurate and actionable cost answers based on your company's unique costing requirements.

Check out the **five ways** the Product Coster can help...

# You're struggling to accurately calculate detailed product costs in a meaningful way.

## Define your own attributes

To calculate cost answers that can drive your business, you need to define attributes that make sense for your business.

Product Coster has three different attribute types to define individual products:

1. Product attributes that describe the cost version and product details
2. Cost attributes that define how costs are applied for each material or resource used to make the product
3. Calculated results that provide cost answers you need to make decisions.

## Centralized, rules-based logic

Building trust in cost answers requires a transparent and consistent process that is explainable, repeatable, and reliable.

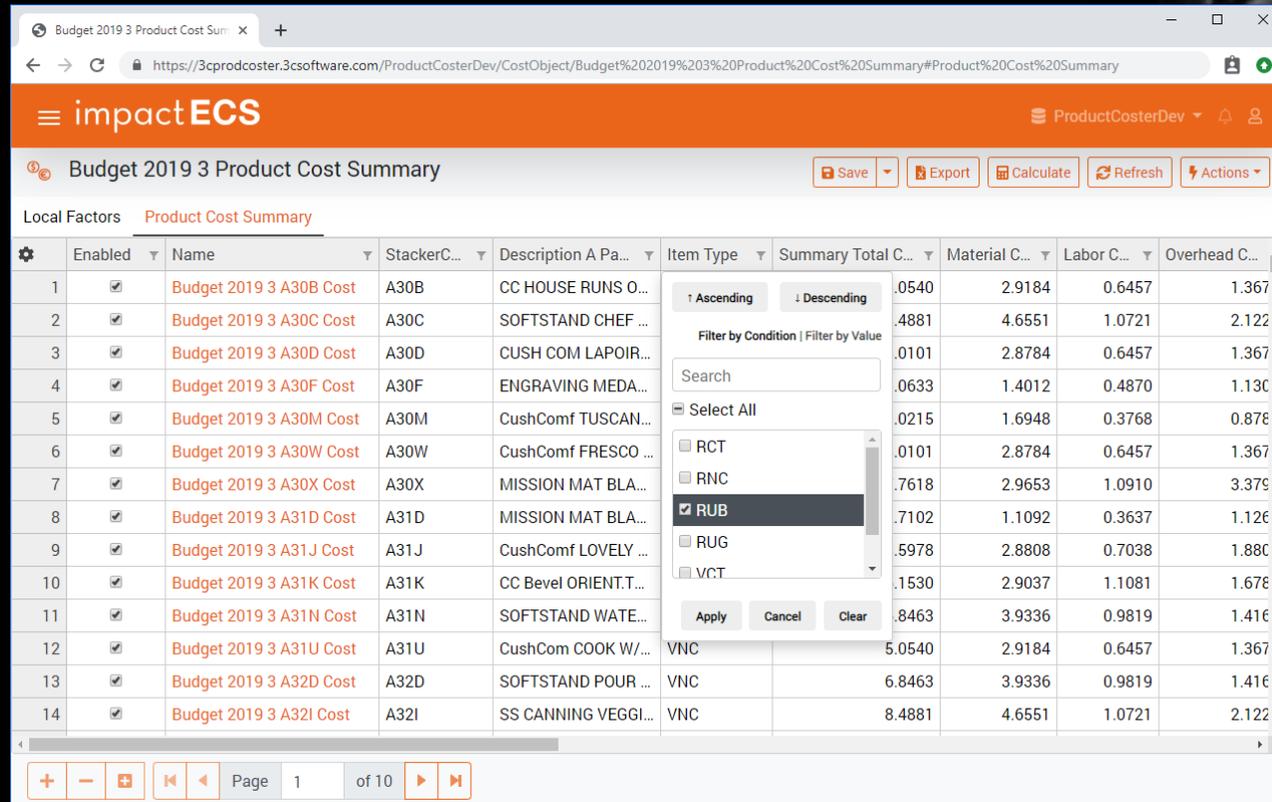
Product Coster keeps controls over the process by:

1. Establishing logic for each cost calculation type based on your business requirements.
2. Calculating results at the lowest level of detail to roll-up/drill-down into meaningful answers.

The screenshot displays the 'Product Coster' software interface. The browser address bar shows the URL: <https://3cprodcoaster.3csoftware.com/ProductCoster/CostObject/Budget%202019%203%20A30B%20Cost#Product%20Cost%20Detail>. The page title is 'Budget 2019 3 A30B Cost'. The interface includes a navigation menu with 'ProductCoster' and a user profile icon. Below the title, there are buttons for 'Save', 'Export', 'Calculate', 'Refresh', and 'Actions'. The main content area is titled 'Local Factors' and 'Product Cost Detail'. It features a table with the following columns: 'Stacker Code - Comp', 'Description A - Parent', 'Comp \ - Header', 'UOM - Comp', 'Comp Scrap Qty', 'Comp OQ %', and 'Manufactured Units \ Hr'. The table contains 35 rows of data, showing a hierarchical breakdown of costs from parent components down to individual materials and resources.

Stacker Code - Comp	Description A - Parent	Comp \ - Header	UOM - Comp	Comp Scrap Qty	Comp OQ %	Manufactured Units \ Hr
1 A30B	CC HOUSE RUNS ON C...	1.0000	EA	0.0000	0.0000	0.0000
2 A32W	CC HOUSE RUNS ON C...	1.0000	EA	0.0000	0.0250	0.0000
3 A3Z5	CC THIS HOUSE RUNS ...	1.0000	EA	0.0000	0.0250	180.0000
4 WC39	CC 3/8" HOUSE RUNS ...	1.0000	EA	0.0000	0.0000	564.6991
5 YW00	CUSH COMFORT 3/8 3...	0.7810	LB	0.0781	0.0000	2,857.1429
27 YW01	CUSH COMFORT 3/8 3...	2.0310	LB	0.2031	0.0000	2,857.1429
28 A5X0	CUSHION COMFORT B...	0.0113	LB	0.0000	0.0000	0.0000
29 A92S	CUSHION COMFORT B...	0.0717	LB	0.0000	0.0000	0.0000
30 ADL3	CUSHION COMFORT B...	0.5192	LB	0.0000	0.0000	0.0000
31 ADP7	CUSHION COMFORT B...	0.0717	LB	0.0000	0.0000	0.0000
32 AGCJ	CUSHION COMFORT B...	0.1933	LB	0.0000	0.0000	0.0000
33 AGU9	CUSHION COMFORT B...	0.2360	LB	0.0000	0.0000	0.0000
34 AHT6	CUSHION COMFORT B...	0.0472	LB	0.0000	0.0000	0.0000
35 AP83	CUSHION COMFORT B...	0.0472	LB	0.0000	0.0000	0.0000

# You don't have a way to view cost performance across product groups.



Enabled	Name	StackerC...	Description A Pa...	Item Type	Summary Total C...	Material C...	Labor C...	Overhead C...
<input checked="" type="checkbox"/>	Budget 2019 3 A30B Cost	A30B	CC HOUSE RUNS O...		.0540	2.9184	0.6457	1.367
<input checked="" type="checkbox"/>	Budget 2019 3 A30C Cost	A30C	SOFTSTAND CHEF ...		.4881	4.6551	1.0721	2.122
<input checked="" type="checkbox"/>	Budget 2019 3 A30D Cost	A30D	CUSH COM LAPOIR...		.0101	2.8784	0.6457	1.367
<input checked="" type="checkbox"/>	Budget 2019 3 A30F Cost	A30F	ENGRAVING MEDA...		.0633	1.4012	0.4870	1.130
<input checked="" type="checkbox"/>	Budget 2019 3 A30M Cost	A30M	CushComf TUSCAN...		.0215	1.6948	0.3768	0.878
<input checked="" type="checkbox"/>	Budget 2019 3 A30W Cost	A30W	CushComf FRESCO ...		.0101	2.8784	0.6457	1.367
<input checked="" type="checkbox"/>	Budget 2019 3 A30X Cost	A30X	MISSION MAT BLA...		.7618	2.9653	1.0910	3.379
<input checked="" type="checkbox"/>	Budget 2019 3 A31D Cost	A31D	MISSION MAT BLA...		.7102	1.1092	0.3637	1.126
<input checked="" type="checkbox"/>	Budget 2019 3 A31J Cost	A31J	CushComf LOVELY ...		.5978	2.8808	0.7038	1.880
<input checked="" type="checkbox"/>	Budget 2019 3 A31K Cost	A31K	CC Bevel ORIENT.T...		.1530	2.9037	1.1081	1.678
<input checked="" type="checkbox"/>	Budget 2019 3 A31N Cost	A31N	SOFTSTAND WATE...		.8463	3.9336	0.9819	1.416
<input checked="" type="checkbox"/>	Budget 2019 3 A31U Cost	A31U	CushCom COOK W/...	VNC	5.0540	2.9184	0.6457	1.367
<input checked="" type="checkbox"/>	Budget 2019 3 A32D Cost	A32D	SOFTSTAND POUR ...	VNC	6.8463	3.9336	0.9819	1.416
<input checked="" type="checkbox"/>	Budget 2019 3 A32I Cost	A32I	SS CANNING VEGGI...	VNC	8.4881	4.6551	1.0721	2.122

## View, filter, and sort summary cost data

Making costing decisions often lives at the macro level, so it's critical to have the ability to quickly view costs by attribute, product type, product group, channel, or any enabled dimension.

Product Coster has built-in filter and sort tools to quickly refine data views and focus on meaningful information. Investigate results further with drill-down capabilities to view detailed cost results from an individual product.

# You've got lots of new products or new orders and you're not sure what they cost.

## Generate more accurate cost estimates faster

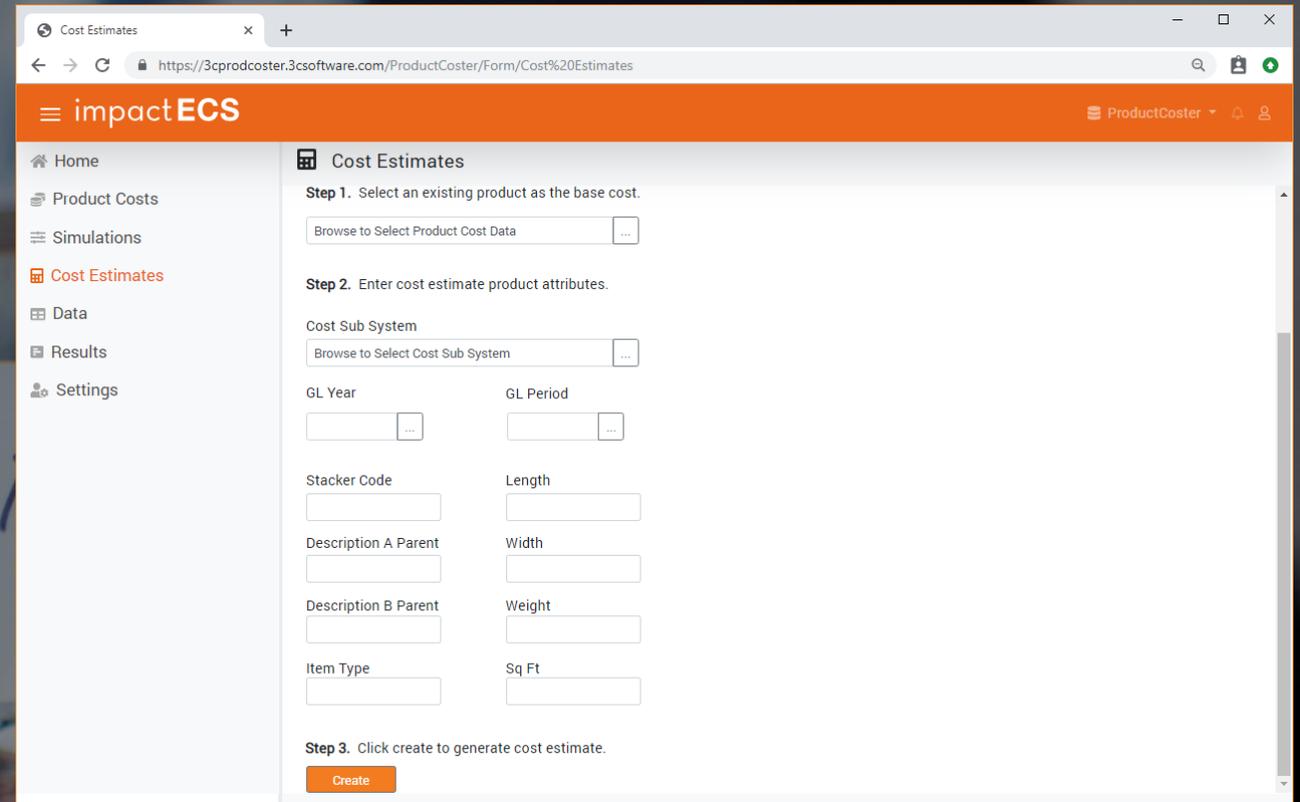
Tighten the loop between product engineering and finance by offering meaningful cost insights throughout the design process.

## Calculate costs, even when the product does not exist

Improve the quoting process by leveraging existing material and resource data to compute detailed cost results for unique or bespoke products.

Product Coster makes it easy to collaborate on costs from the design phase to quoting business:

1. Select baseline data from existing cost sheets to rapidly build cost estimates for new products or new quotes
2. Export cost sheets to Excel spreadsheets to share and receive data from other teams



The screenshot displays the 'Product Coster' web application interface. The browser address bar shows the URL: <https://3cprodcoaster.3csoftware.com/ProductCoster/Form/Cost%20Estimates>. The application header features the 'impactECS' logo and a 'ProductCoster' dropdown menu. A left-hand navigation sidebar includes links for Home, Product Costs, Simulations, Cost Estimates (highlighted), Data, Results, and Settings. The main content area is titled 'Cost Estimates' and contains three steps: Step 1: 'Select an existing product as the base cost.' with a 'Browse to Select Product Cost Data' button; Step 2: 'Enter cost estimate product attributes.' with fields for 'Cost Sub System' (Browse to Select Cost Sub System), 'GL Year', 'GL Period', 'Stacker Code', 'Length', 'Description A Parent', 'Width', 'Description B Parent', 'Weight', 'Item Type', and 'Sq Ft'; and Step 3: 'Click create to generate cost estimate.' with a 'Create' button.

# Things are changing and you don't know how your products' costs are changing with it.

The screenshot shows the impactECS web application interface. The browser address bar displays the URL: <https://3cprodcoaster.3csoftware.com/ProductCoster/CostObject/Simulation%202019%20Test%2055#LocalFactors>. The application header includes the 'impactECS' logo and 'ProductCoster' user information. A left-hand navigation menu lists: Home, Product Costs, Simulations (highlighted), Cost Estimates, Data, Results, and Settings. The main content area is titled 'Simulation 2019 Test 55' and contains a table of 'Local Factors' under the 'Simulation' tab. The table has columns for 'DisplayName' and 'Data'. The 'Simulation Condition' field is currently set to '(Run Type)', and its dropdown menu is open, showing the following options: Cost Category, Expense Type, Product Group, Stacker Code - Comp, and Work Center # - Comp. Action buttons for Save, Export, Calculate, Refresh, and Actions are visible above the table.

DisplayName	Data
1 Simulation Definition	
2 Year	2019
3 Version Description	Test 55 - Work Center + 3%
4 Simulation Conditions	
5 Simulation Type	(Run Type)
6 Simulation Condition	(Run Type)
7 Percent Change	Cost Category
8	Expense Type
	Product Group
	Stacker Code - Comp
	Work Center # - Comp

Understanding the impact of a change in cost is critical to determining profitability at both the company and individual product level. Product Coster includes a simulation tool to predict costs using the same data and logic – providing a true representation of the cost change.

## Cost category changes

Labor, Material, Overhead

## Expense type changes

Fixed, Variable

## Specific changes

Individual Material or Resource, Material or Resource Group, Individual Work Center

# You need a way to collect, connect and maintain relevant cost data.

## Data

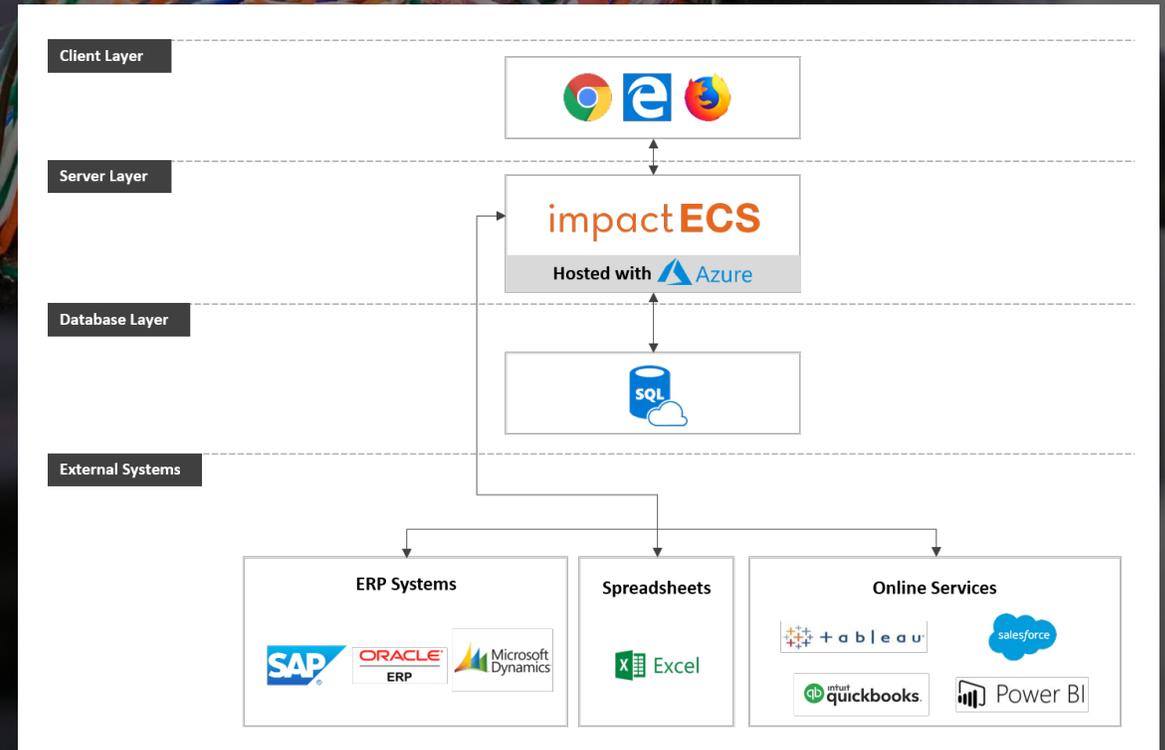
Some companies have data everywhere, others are just starting on the data journey. The Product Coster uses a core set of information about the materials, resources, processes, and business requirements to generate cost sheets, run simulations, create estimates and share results.

Typical Product Coster Data sets: Cost Center, Budget Hours, General Ledger Spending, Machine Efficiencies, Labor Rates, Overhead Spending Rates, Material Master Data, BOM Data

## Technology

Undergoing a digital transformation? By leveraging cloud-based solutions, you can expand the reach of relevant cost information to empower and inspire decisions that add value.

1. Eliminate spreadsheets from cost analysis process
2. Integrate with existing ERP, financial and data systems



Stop spreadsheeting  
around with your  
product costs.

**Get Product Coster.**

Learn more!

[www.3csoftware.com](http://www.3csoftware.com)

