



PERFORMANCE
AND DILIGENCE

Implementation of a Cost Management System and Support and Guidance for Managers

Mandate

Les industries Fermco Ltée is a company that manufactures roof trusses, joists and prefabricated walls. In recent years, its market has changed and the products to be manufactured have become more complex. This reality has affected all sectors and production costs.

[Production costing](#) is therefore an essential element in ensuring:

- That all product lines offer a profit margin that is acceptable to the company;
- That the production system is controlled and remains within the expected costs;
- Analysis of the most important elements to set cost reduction targets.

Solutions implemented

SIM's involvement began by implementing a cost price per product category. To do this, we studied the various computer tools already in place at Fermco.

We then determined the various methods of data collection for direct labour and material. Manufacturing overheads were assigned according to the most appropriate method for this type of industry.

Key employees who work with production costing took the SIM [Cost and Performance Measures](#) course.

The SIM team of experts then supported ([coached](#)) and trained the staff to master all aspects of costing and related performance measures so that the company could be totally autonomous.

After a six-month period, an [audit](#) of costs was made to ensure the accuracy of the data and costs was also part of the mandate.