



PERFORMANCE  
AND DILIGENCE

# Cost and Performance Measure



## Description

In most industries, selling prices are set by the market and by supply and demand. In this context, businesses must find profitability by reducing production and management costs. Cost thus becomes the ideal tool to achieve this end.

The goal of our course is to guide you in establishing a cost that is suited to your type of industry and your needs. For example, there are 5 accounting-standards approved ways to allocate manufacturing overhead costs to products. Which is the most suitable and most relevant for your business? How do you establish cost performance measures that will be appropriate for you?

## Target audience

Comptrollers, finance VPs, those responsible for costing, production managers, etc.

## Course plan

### Day 1: Introduction

- The main types of [financial statements](#);
- Cost components;
- Key performance measures;
- The principle of the accounting record in the contexts of cost and activity-based (ABC) costing.

### Features of cost components

- Overhead manufacturing costs and their effect on cost according to the 5 different allocation methods;
- Raw materials: quantities and unit prices;
- Direct labour: quantities and unit prices;
- The various data collection systems.

## Day 2: The various costs

- Job order cost system;
- Batch cost system;
- Process cost system;
- Cost according to standard cost system;
- Cost system according to activity-based or process-based accounting method.

## Day 3: Performance measures

- Efficiency measure;
- Productivity measure;
- Quality measure;
- Effectiveness measure;
- Measure by resource, by department, by cost centre and for the whole company.

## Activity-based accounting

- Principles of [VAP](#) and GVA;
- Definition of accountable activities;
- Concepts of cost drivers;
- Concepts of work centres or cost centres;
- Examples of business processes;
- Comparison of traditional cost and cost according to activities-based costing;
- Effect on decisions.

## Objectives

- Take part in the design and implementation of a cost system that suits the company;
- Define and use performance measures that are tailored to the company context and that of the affected business unit (whether the company itself, a department, a division, a cost centre or a management area);
- Assess cost performance in relation to the [company's strategic objectives](#);
- Analyze cost components, identify opportunities to reduce costs and assess their potential effects.

## Duration

3 days.