

**COURSE** MANAGERIAL COSTING FOR AUTOMOTIVE COST ESTIMATORS,  
BUYERS AND COST ENGINEERS

**FACTON**  
INNOVATIVE COST MANAGEMENT

**COSTING  
EDUCATIONAL SERIES**



# MANAGERIAL COSTING FOR AUTOMOTIVE COST ESTIMATORS, BUYERS AND COST ENGINEERS

ADOPT MANAGERIAL COSTING PRACTICES TO MAKE  
YOUR AUTOMOTIVE SUPPLY CHAIN MORE EFFECTIVE

**2-DAY COURSE QUALIFIES FOR 16 CPE CREDITS FOR CMA'S**

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September 19 & 20, 2018

October 16 & 17, 2018

November 14 & 15, 2018

To encourage the adoption of managerial costing practices in the automotive supply chain, FACTON and D. T. Hicks & Co. have partnered to develop the two-day course “Managerial Costing for Automotive Cost Estimators, Buyers, and Cost Engineers.” In this course, the costing professional will learn the framework for managerial costing, techniques for creating cost models that reflect the operational realities of an automotive supplier and methods of using those models for promoting more transparent and collaborative customer interaction.

Outdated and oversimplified cost models were designed for the external reporting requirements of financial accounting but are inadequate for internal decision making. Using these cost models in the supply chain gives too much leeway in measuring the cost of products and services and makes it difficult for supply chain partners to rationally discuss costing issues.

There is a fundamental framework for developing managerial costing information — the cost information needed to support business decisions — and a wide variety of effective techniques at an automotive supplier’s disposal for creating a cost model that is accurate, understandable and readily explainable. Unfortunately, the accounting community’s focus on external financial accounting has de-emphasized this framework and kept it under the radar for decades — until now.

Managerial Costing for Automotive Cost Estimators, Buyers, and Cost Engineers is a course designed to provide costing professionals with the ammunition needed to support customer collaboration by learning:

- The framework for managerial costing
- How to promote accurate product and customer costing
- Techniques to create a model that reflects the operational realities of an automotive supplier
- How to use the model to promote a transparent and collaborative supply chain

<b>WHEN</b>	<p><b>2-DAY COURSE OPTIONS TO CHOOSE FROM:</b> September 19 &amp; 20, 2018  October 16 &amp; 17, 2018  November 14 &amp; 15, 2018</p>	
<b>WHERE</b>	<p>FACTON Columbia Center, Tower I 201 West Big Beaver Road Room 190 Troy, MI 48084</p>	
<b>COST</b>	EARLY BIRD RATE (Before August 31)	\$1,200
	STANDARD RATE	\$1,500
<b>REGISTRATION</b>	<p><a href="http://bit.ly/CostingEdSeries">http://bit.ly/CostingEdSeries</a></p>	
<b>CPEs</b>	<p>2-DAY COURSE QUALIFIES FOR 16 CPE CREDITS FOR CMA’s</p>	
<b>QUESTIONS / GROUP RATES</b>	<p>Contact Mike Betz at (248) 977-0918 or Michael.Betz@facton.com</p>	

## COURSE OUTLINE

### DAY 1

- I. Introduction**
- II. A Brief History of Cost Accounting**
- III. Cost Accounting vs. Managerial Costing**
  - a. Definitions
  - b. Taxonomy of Accounting
- IV. The Framework of Managerial Costing**
  - a. Causality — using causality to create a model of the enterprise
  - b. Analogy — using the model to simulate costs under different decision scenarios
  - c. The “Framework” vs. The “Methods”
- V. Some Fundamental Concepts**
  - a. Hicks’ First Law of Pricing
  - b. “Precise” vs. “Accurate” Cost Information
  - c. Accuracy Without Exertion
  - d. The Production Labor Demand/ Supply Equation
- VI. Designing/Evaluating an Auto Supplier’s Cost Model**
  - a. The Causality Principle for Work Activities
  - b. A Cost Model for Manufacturing
  - c. Causality-Based Cost Distributions and Assignments
- VII. Case Study**
- VIII. End of Day Networking Session (5pm–7pm)**

### DAY 2

- IX. Diving Deeper Into an Auto Supplier’s Cost Model**
  - a. Direct Assignment of Activity Costs
  - b. Driver-Based Assignment of Activity Costs
  - c. Equipment Uptime’s Chain Reaction
  - d. Non-Production Labor
  - e. Distribution of Costs Among Activities
  - f. Assigning Costs to Purchases of Direct Materials and Services
  - g. Assigning Production Costs
  - h. Assigning Event/Transaction Costs
  - i. Assigning “Attributable” and G&A Costs
- X. Product Value Measurement**
  - a. Profit % of Sales vs. Profit % of Value-Added
- XI. Cost Measurement**
  - a. Economic Costs vs. Accounting Costs
  - b. The Deadly Virus of GAAP
  - c. Major Manufacturing Cost Measurement Issues
- XII. Putting it Together — Small-Time Manufacturing**
  - a. An Excel-based model that incorporates many of the concepts and techniques discussed during the course.
  - b. Using that model to support various types of decisions
  - c. An Excel-based template that costs individual products/programs.
- XIII. Conclusion and Wrap-Up**



### **DOUGLAS T. HICKS, CPA**

Douglas T. Hicks, CPA is President of D. T. Hicks & Co., a consulting organization concentrating on the decision costing needs of small and mid-sized organizations.

Since 1985, Doug has worked with clients in a variety of industries to develop cost-effective ways to improve the cost and other management information they rely on in making both strategic and day-to-day decisions.

Doug is an active member of the Michigan Association of CPAs and the Institute of Management Accountants. He serves on the IMA Detroit Chapter's Board of Directors, the Advisory Board for IMA's Center for Managerial Costing Quality, and as an industry representative on its International Research Foundation Committee.

Speaking credits include Michigan Association of CPAs (MICPA) conferences and seminars, Institute of Management Accountants (IMA) chapter and regional meetings, and featured speaker at IMA annual conferences.

Doug has written about adopting modern managerial costing concepts, and has been published in *Journal of Accountancy*, *Manufacturing Engineering*, *Journal of Cost Management*, *Modern Casting*, *AIAG ActionLine*, *Plastic Technology*, *Precision*, and *Management Accounting*. His two books on Activity-Based Costing, both published by John Wiley & Sons, have sold over 15,000 copies worldwide and been translated into four languages.

### **ABOUT FACTON**

The FACTON EPC Suite is the leading Enterprise Product Costing (EPC) solution for the automotive, aerospace, mechanical engineering and electronics industries. Its specific solutions offer robust answers to the requirements of executive management and individual departments within the enterprise. FACTON EPC enables standardized, enterprise-wide costing, independent of location and department, for maximum product cost transparency throughout every phase of the product lifecycle. Businesses accelerate their costing, achieve pinpoint cost accuracy and secure their profitability.

The company's international portfolio of customers includes Ford Motor Company, TI Automotive, Henniges Automotive, DURA Automotive Systems, TE Connectivity, Airbus, Mahle Behr, MANN+HUMMEL, Porsche and other renowned manufacturers.

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