

## Definition and Implementation of a Unit Cost Model

### Objectives

- Increased availability of data and cost awareness at all levels
- Total cost approach (100% of costs to be allocated according to cause-and-effect criterion)
- Management support for Operations
- Support for implementation of Service Level Agreement concepts
- Enabling of internal and external benchmarking
- Improved source of data for Balanced Scorecard

### Industry

- European Public Organisation
- Intellectual Property

### Project Scope/Approach

- Understanding of the “old” model and data used for (e.g. SAP Cost Centres data)
- Interviews with Managers concerning work and their contribution to external products
- Definition of the Unit Cost Model
- Specification and collection of data (Drivers, Production Volumes, Cost Centre and Cost Element figures, etc.)
- Evaluation of Software for the implementation of the Unit Cost Model
- Implementation and Maintenance of the Unit Cost Model in SAS ABM

### Outcome / Benefit

- Unit Cost Index used as a performance indicator (based on a full cost approach): reporting of the development of the unit costs both on an inflation-adjusted and non-inflation-adjusted basis.
- Costs by product per location, operating unit and type
- Enabling of internal Benchmarking
- Integrated system with interfaces to the SAS data warehouse
- Basis for Product Pricing
- Increase accountability at all Management levels