An Efficient Manufacturing Cost System

Third of a Series of Articles Written for The Canadian Manufacturer on Manufacturing Systems. The First Was on Time Keeping and the Second on Material and Stock Keeping. This is the Last of the Series

BY J. A. T., DUNDAS

A cost system is of necessity interwoven with the time and material systems, and consequently is a part of them as they are a part of it, together with a division of the general expense, and a sub-division of

of any part costing more than is necessary. The fault can then be rectified, and each piece made at a reasonable profit.

The material must also be carefully guarded as to condition, quality and price; also

pieces on previous lots. In Fig. 2 we have provided a cost summary card giving total time and cost of each operation on the lot, this time being taken from the time summary card in article on time keeping. which appeared in the Office Edition of THE CANADIAN MANUFACTURER, Sept. 4. On the reverse side of this cost summary card, Fig. 3, we have provided for material costs totalled from the material cards as mentioned in article on material or stockkeeping, which appeared in the Office Edition, Oct. 16, to this is added a percentage for handling, store-keeper, store-room share of light, heat, etc., while to the total shop labor is added the proper percentage of expense incurred by shop labor, light, heat, etc. These percentages are of course calculated in proportion to the amount of non-productive labor, and other expense particularly relating to that department in which the parts are machined or kept. We also provide on this for other information such as invoice number when sold, to whom it is sold, date shipped, also a serial number given to the machine when completed, by which it is kept track of even after it is shipped; also to list them, etc.

Other items of expense such as insurance, taxes, etc., should be kept separate from the expense mentioned above and dealt with after all other matters are disposed of as they do not enter into the manufacturing account.

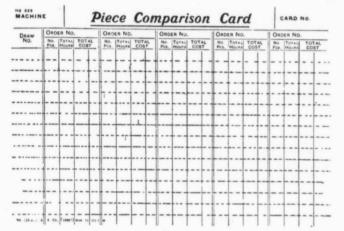


Fig. 1

No. 363, 13811, 136

departmental expense; and until it is this, it cannot be properly called a system.

Then again, as in the time system, a cost system that may be entirely satisfactory to one plant cannot be used with an equal degree of success in another works, even though the same class of goods be manufactured. Conditions are so varied that the system must be made to suit the conditions, not the conditions to suit the system. There are, however, principles that will govern all well-regulated plants, while details must be carefully worked out and taken into account individually.

Any system, however efficient, will become valueless if we expect system to do the work, for it will not do it; but will enable us to do the work expeditiously and with profit to the firm.

Some will complain of the expense of operating such a system. It will certainly be something, but the money spent in operating a good cost system returns many fold. #

What manufacturer to-day is satisfied with an estimated or averaged cost of the material and labor of a machine he builds. In these times of keen competition he not only requires the exact total cost of production and material, but wants it itemized, giving him the cost of each part and each operation on each part.

An up-to-date system with an up-to-date clerk (for an up-to-date clerk is a necessity) will always have this immediately at hand; and your foreman is immediately notified expense of handling this material together with all other shop expense such as light, heat, power, non-productive labor.

In Fig. 1 we have provided a card, called

COST RECORD OPERATION HOURS PREVIOUS LABOR TOTALS FORGING ORDER NO RORING TURNING PLANING MILLING GEAR-CUTTING KEY-SEATING GRINDING SLOTTING DRILLING CITTING OFF FITTING CARRIED FORWARD

Fig. 2

a piece comparison card, upon which is the total cost of each piece or number of pieces of the same kind on any separate job or lot compared with former cost of same piece or

Let me say again; do not let the little finger of cost of operating some such a system hide from you the mountain of increased production and profits.