

## KnowledgeBase Article 2128

### Costing

This article defines the various Cost Types within Guardian, how Costing works in Guardian and how to set it up properly. In addition, Costing Reports are discussed.

#### Cost Types

1. **Standard Costs**, (code S) are the variable costs. They fluctuate as often as the user updates costs. Standard Costs are used to indicate the cost today. What did this cost me today? This could fluctuate significantly from day to day, week to week, month to month.
2. **Frozen Cost**, (code F) is the base cost. This is a base typically set annually or quarterly to avoid the fluctuations and help provide a base point for reporting comparisons. The Frozen Cost is derived by an average of your standard cost, hopefully providing a base point that will provide a solid base for cost.
3. **Last Cost**, (code L) is the price shown on the last Purchase Order for this Part.
4. **Old Cost**, (code O) is the last manually edited change to the cost on the Part master.

### Costing

Costing in Guardian is based on the Hours per Piece on each Routing Operation as well as the Cost per Piece of the Bill of Material items. In addition, the Setup costs are calculated across the total quantity of the Work Order. The Cost Code of the operation is pre-defined with the Standard Labor Rate for this operation as well as the Fixed and Variable Overhead. The Cost per Piece is then calculated for each Routing Operation. Alternate Routing Operations are not Costed.

The Lot Size for any given part is the quantity at which the Standards have been calculated.

To find the total cost of a given part, Guardian reduces all costs to per piece...hours per piece, usage per piece, etc.

Example: (for simplification, this example part will have only 1 routing operation)

Part: 05732

Lot Size: 2 (*the Lot Size is the quantity which costs are based*)

Mold Size: 2

Bill of Materials: 100 pounds Aluminum/mold @ \$0.50 per pound

Hours per Piece: 0.5

0.5

Cost Code:

$x (10 + 15 + 2.50 = 17.50)$

Labor Rate: \$20.00 per hour

Fixed Overhead: \$30.00 per hour

Variable Overhead: \$5.00 per hour

Total Labor and Overhead:

**8.75**

Bill of Material per piece: (50 pounds @ \$0.50 = \$25)

$+ (50 / 2 = 25)$

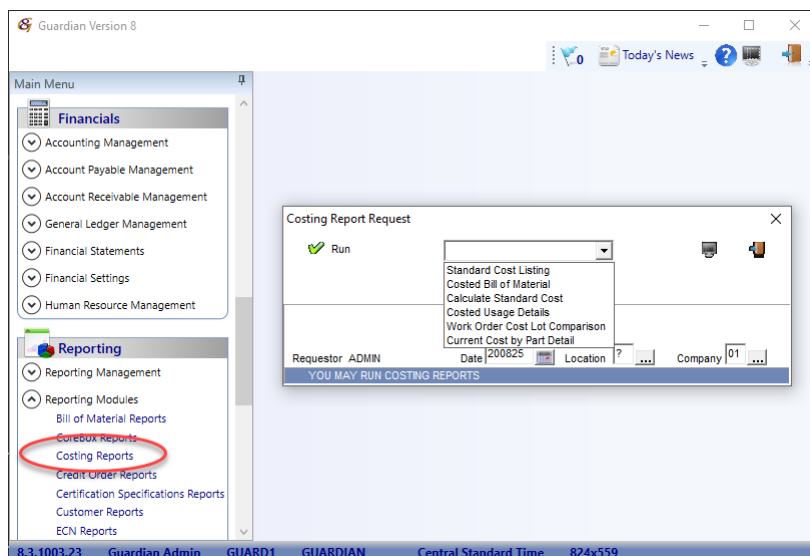
**Total Cost per Piece:**

**\$33.75**

## Costing Reports

To generate Costing Reports, Guardian has taken the approach that reports must be based upon a common base point and not on a fluctuating number. Comparing a report run for two different periods with varying costs will provide inaccurate and often confusing information. Therefore, Guardian Costing Reports utilize the Frozen Costs as the base.

Guardian Costing Reports are found in Costing Management > Costing Reports



## Roll / Flip Costs

To Roll or Flip your Standard Costs to Frozen Costs, navigate to...

1. Engineering > Costing Management > Copy Cost Update
2. Select "Current Standard" from the "From" dropdown list
3. Select "Frozen" from the "To" dropdown list
4. Click the Run button in the upper left

To Roll or Flip Costs to Inventory Cost, select From: Frozen, To: Inventory Cost, Run

