

How to determine the **COST** of a Business Process

The basic cost elements of any business process

1 >>>

INPUT COSTS

Costs of the Inputs to be transformed into a product or service delivered to the customer.



2 CONVERSION COSTS

The direct operating costs to execute the process.



LABOR

Employee costs to operate the process.



CONSUMABLES

Operating expenses required by the process.



EQUIPMENT

Cost of operating the equipment used in the process.



FACILITY

Cost of space utilized by process.

3 SUPPORT COSTS

The overhead costs that a process requires to fulfill its purpose.



MANAGEMENT

Costs include the supervisor, manager and senior leadership costs required to oversee the process.



ADMINISTRATION

Indirect operating expenses and support costs.



INFORMATION TECHNOLOGY

Costs include the hardware, software and IT support utilized by process participants.

4 >>>

OUTPUT COSTS

Costs associated with the delivery of the product or service produced by the process to the end customer.



INPUT COSTS



CONVERSION COSTS



SUPPORT COSTS



OUTPUT COSTS



TOTAL COST