

Cost management systems

[Business](#), [Management](#)



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Cost management systems is fairly significant in a business organization's planning and decision making regarding costs that shall be spent for programs that is geared to lessen budget allocated for production but at the same time enhance production quality for the satisfaction of the consumers. Moreover, cost management systems are assistive in planning and implementing processes and materials, for instance, in production in order to reduce its original cost. Cost management systems come in different shapes and sizes. However, the most common systems include the job order (cost for production outputs in different job descriptions), process (cost for production done through continuous processing), and activity-based costing (cost for production output through labor activities). Cost management systems must be able to provide substantial information that shall be assistive in a business organization's plans or decision on what to do next and how to do it. This shall be represented in a report that is generated by the system, therefore, there is a need for cost management systems to report necessary information accurately and clearly. (Bushman, 2007)

Aside from these types of cost management system, other kinds of system are available in the market. Safe Cost is a program application accessible through the World Wide Web. It claims to be instrumental in business analysis and improvement and is significant in lessening the occurrence of Incidences. The application works such that it keeps a record of transactions and then automatically calculates costs to generate a report. Through Safe Cost, business organization are able to lay out particular path plans in order to trace the effects or outcomes of business decisions in the future. Aside

from the record of costs, the application also generates a map or a “ tree” of several decision-making options and alternatives and illustrates the impact of business transactions and decisions to sales and revenue. Moreover, aside from calculating the direct cost of Incidences, it also calculates the underlying costs of such Incident, which more often than not is greater than the direct costs. The application may be used by any field or industry. (Safe Cost, 2008)

Impact: ECS is another cost management system that is available in the market for business organizations. The system is developed by 3C Software in order to provide additional and supplementary cost management solutions to several issues that arise from cost calculation and analysis. The software was developed because of the frequent changes in the costs of raw materials and the fluctuating prices of commodities in the market. Moreover, along with these uncertainties, productions are usually done overseas in different locations around the globe. In order to calculate and analyze the financial aspect of a business organization with respects to its production rates, Impact: ECS is able to gather all data and necessary information in just a single system. The system operates through real time processing, such that it is able to data from existing reports, as they change, in order to calculate the costs of production. The system is also able to analyze the results of the calculation process, which is important in order for business organizations how the costs build up in the company. After the analysis, the system creates a report through computer software. (3C Software, 2008)

Enterprise Cost Management (ECM) is a software application, which is able to analyze a certain product and how it is developed. From the analysis, the

software is able to generate the entire cost of production all throughout the p of time it shall be made available. Moreover, the system also keeps a record of estimates of costs in order to also create an estimate of the total production cost that a business organization shall be spending. The system also has a supporting mechanism, WBS, which generates multiple priced scenarios. WBS changes its results depending on the estimates calculated by the ECM. (Cognition Corporation, 2001)

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