āPriori
COST MATURITY INDEX

Are You Competitive with Your Industry Peers?

Measure your company's level of product cost management sophistication

IDENTIFY AREAS TO IMPROVE YOUR PRODUCT PROFITABILITY

Charter

People

Process

Tools

+50%

More than 50% of software implementations fail, but in only 3% of cases is it due to the technical solution that has been chosen to support the initiative.

Critical process related elements of an enterprise class deployment are often overlooked or not given the amount of priority they deserve.

There Are Four Key Quadrants in the Survey:

The aPriori Cost Maturity Index (CMI) is a quick way to assess how your company or your team rank in terms of the four critical process and technology elements that will determine your long-term program success and ability to maximize product profitability:

Charter
Is there a defined product cost reduction strategy within your company or division and is it actively supported by your executive management team?

People
Is cost expertise centralized with a small team of experts, or have you build a culture of cost awareness across your entire product development team?

Process
How is product cost data incorporated into your business processes?

Tools
Do you generate cost estimates manually or are you leveraging a modern, automated software solution for product cost management?

Scoring Methodology And Data:

The following pages contain the results of your self-assessment survey, and can provide guidance on where your team may need to focus effort going forward to advance the cost maturity of your organization.

To generate your scores for each section of the survey (Charter, People, Process, and Tools), we follow a simple average equation. All questions have five choices, each choice corresponding with a score of one to five, five representing a fully mature system. The sum of your selected answers, divided by the total number of questions in each section, gives you your scores.

The Best In Class data referenced, is anonymous and aggregated from aPriori Customer scores. All scores were filtered by Industry, and top scores for each category were pulled to represent the Best in Class.

For additional insight on these scores, and other benchmarks like average scores for each category within your industry, connect with one of our team members today.

Cost Maturity Index Results

● *Your Score* ● *Best in Class, Automotive*

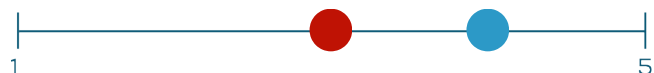**Charter: 1.65/5**
Best in Class: 4

1 ——●————————●——— 5

People: 2.25/5
Best in Class: 4.3

1 ———●—————————●— 5

Process: 2.35/5
Best in Class: 4.7

1 ———●———————————●— 5

Tools: 3/5
Best in Class: 4

1 —————————●———●——— 5

COST MATURITY INDEX

Even the Best In Class companies have opportunity for improvement. Take a look at this sample of our Best In Class profiles, and see how a company who has mastered the Charter category, for example, and sees tremendous success as a result, still has a lot of room for growth.

Leader In The Electronics Industry

>70%

Exceeded their time to quote metric, and successfully quotes their sheet metal parts and assemblies no less than 70% faster.

Charter: 5.0

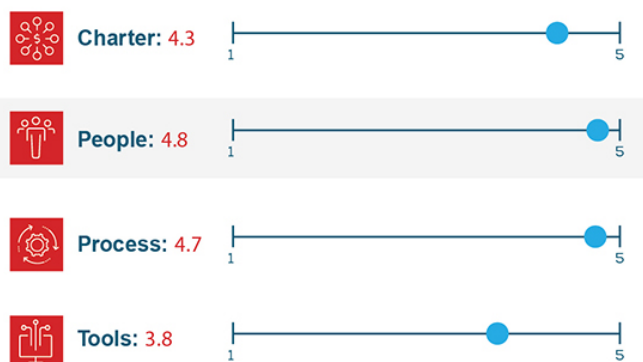**People:** 3.5

Process: 2.0

Tools: 4.8
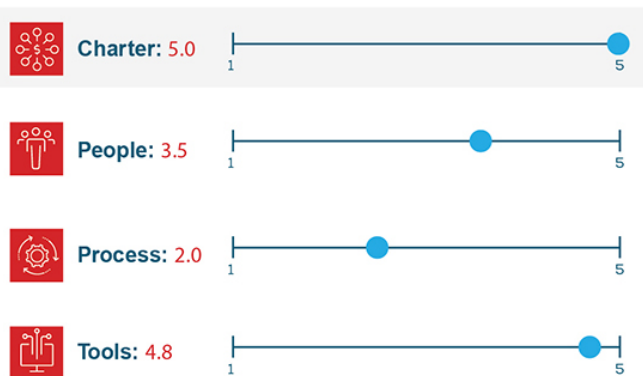
Having positioned Product Cost Management as a C-Level corporate initiative, this leading multinational technology manufacturer, excelled within the Charter category. By defining the scope of their implementation, the resources that were needed, and the results that were expected, they were able to gain executive level sponsorship and stay hyper focused on their quantifiable success metric.

A clearly defined charter that is supported by an executive sponsor is foundational to the success of an implementation. Best in class charters include a business case, problem statement, expected benefits, defined scope, and team roles and responsibilities.

Leader In The Heavy Industrial Industry

-30%

Experienced a 30% cost reduction in their New Product Development, and attributed over 30 million in savings after two years with aPriori.

Charter: 4.3

People: 4.8

Process: 4.7

Tools: 3.8

With strong ambitions to setup a Cost Engineering team with ranging disciplines, this leader in the Heavy Industrial industry, not only excelled in the People category of their deployment, but also positioned themselves to become self-sufficient in on-boarding all new team members. From experts responsible for researching cost data, creating and defining their own models, and configuring all research in their VPE's with ongoing maintenance, their Cost Engineering team was able to support and exceed their ambitious goals.

While software is generally intended to increase efficiency and provide a broader capability to the masses, understanding the existing expertise within your organization and how it can be best leveraged to support a deployment, is a key determinant of success and long term adoption.

Charter

Where is product cost information utilized within your company/division or with outside partners?
Not utilized at all
Utilized within a centralized costing group
Utilized beyond a centralized costing group (Sourcing, Engineering, Manufacturing, etc.)
Utilized collaboratively across many internal functions (Sourcing, Engineering, Manufacturing, etc.)
Utilized collaboratively between internal and external organizations (Suppliers, Contractors, etc.)

Is there a defined product cost reduction strategy within your company or division? If so how are the results tracked?
No defined strategy or value attainment metrics
Defined strategy with no value attainment beyond piece part cost savings
Defined strategy with value attainment metrics at the project level
Defined strategy with value attainment metrics rolled up at the product line/business unit
Defined strategy with value attainment metrics rolled up to executive leadership

Are senior level executives involved in your company/division's product cost strategy?
Never had executive support
Involved in strategy definition, but not since then
Involved periodically through steering committee meetings
Receive regular updates on cost strategy
Receive regular cost management results summaries or rollups

People

What kind of product cost knowledge does your company/division have?
There is minimal or no understanding of product cost and manufacturing cost drivers
We are just starting to understand product cost and manufacturing cost drivers
We have a small number of experts who understand product and manufacturing costs
Most of the company/division understands the elements that drive product cost
Everyone within the company division is an expert in product cost and manufacturing cost drivers

How are cost experts utilized within your company/division?
No cost management experts within the company/division
Cost management experts develop should costs after product design to support sourcing activity for parts/assemblies
Cost management experts develop cost estimates for rolling up product cost during product design
Cost management experts are brought into projects as needed to collaborate with engineering & sourcing on DFM and product cost
Cost management experts provide support & guidance across engineering and sourcing where there is distributed use of DFM and product costing solutions

How frequently is training and mentoring on cost related topics available to employees in company/division?
Our company/division has no training or mentoring on cost related topics
Training on cost related topics is provided only during employee onboarding
Training on cost related topics is provided during onboarding but ongoing training is unplanned and adhoc
Training and mentoring on cost related topics is available when employees seek it out
Consistent training and mentoring on cost related topics is provided to employees

In the past 12 months what have the results of your cost strategy been?
We haven't generated meaningful results
We have small unplanned successes
We have moderate success, realizing savings (or achieving targets) on less than half of projects
We have major success, but do not have a repeatable process
We have a defined process for using cost data and tracking results that is driving repeated success

Process

How is product cost data incorporated into your business processes?
Product cost data is not considered in any of our business processes
We have an undocumented approach to using product cost data that is used sometimes
Utilization of product cost data is unofficially part of our business processes
Utilization of product cost data is documented within our business processes, but not followed by everyone
Utilization of product cost data is documented in repeatable processes that are followed

How is cost management knowledge/best practices captured and shared?
Knowledge is not captured systematically
Best practices are shared adhoc
All employees are trained on best practices but the newest best practices are not always captured
Employees meet regularly to capture and disseminate best practices and techniques
We have a structured system to consistently capture and disseminate knowledge to all employees

How are cost metrics and case studies used internally?
No documented case studies or not enough cost data captured
Adhoc case studies are developed and sometimes shared
Cost metrics and case studies are developed and shared at the part/assembly level
Cost metrics and case studies are developed and shared at the project level
Cost metrics and case studies are developed and shared at the business level

Tools

What technology/technologies does your organization division/company utilize to understand product cost?
We rely on supplier quotes for product cost information
We use one-off spreadsheets based on historical product costs
We use a standardized spreadsheet or other internally developed application
We use a platform based costing technology with a centralized database but it is not supported or maintained
We use a platform based costing technology that is fully supported and maintained regularly

Do you have established cost models? If so, how well does your team understand how those cost models estimate a product cost?
No understanding of cost models or no cost models exist
Minimal understanding of some cost models
Basic understanding of the cost models, though not the details of the manufacturing cost drivers
Complete understanding of cost models but not how to use all of the data generated
Complete understanding of cost models and data generated

How does your company/division use cost data to make informed business decisions?
Cost data is not used to make decisions
One off decisions are sometimes made using cost data
Cost data contributes to project level decisions within a single business function (Engineering, Procurement, etc.)
Cost data contributes to making project level decisions collaboratively between multiple functions/divisions
Cost data is consistently combined with other business data to collaboratively make decisions at all levels of the enterprise

Questions?

If you find you are lagging behind your industry peers in one or more categories, you may want to consider calling in aPriori to help you run a more detailed audit of your product cost management (PCM) strategy.

Historically, companies that have sophisticated PCM strategies instantiated across their organization are able to achieve higher levels of corporate profitability. Increased levels of profitability enable you to invest more money towards the development of innovative new products that capture increasingly greater levels of market share.

Contact aPriori now to receive a no obligation discovery call where we can learn more about your PCM goals and objectives and discuss how we can help you accelerate up the cost maturity curve.

Contact Us To Learn More

✉ productcost@apriori.com

☎ +1-978-371-2006

aPriori

300 Baker Avenue
Conco rd, MA 01742
United States