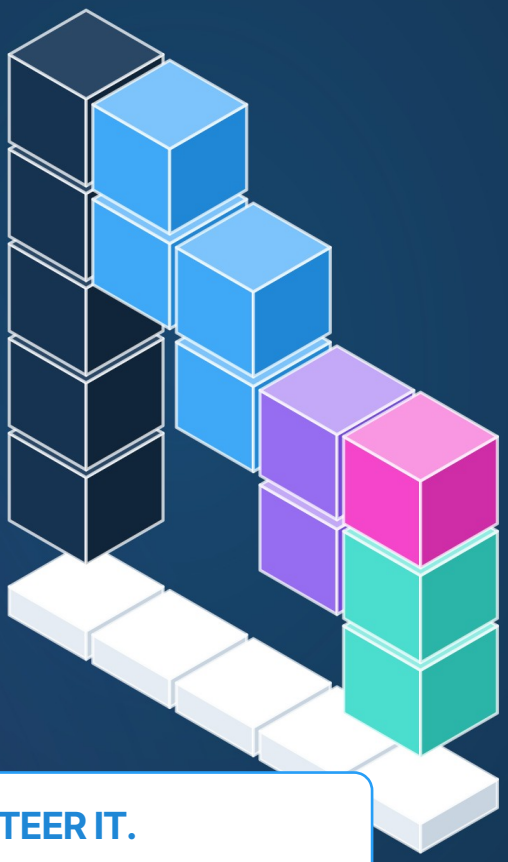
OPERATIONS INSIDER

LEAN · OPERATIONS · LEADERSHIP

THE MANAGER'S COST AND CONTROLLING QUICK START CHECKLIST

Score how operations steers cost, in one hour with your controller.



SEE IT. EXPLAIN IT. STEER IT.

START HERE

How to Use This Check

One plant or one area, one hour with the plant controller, twenty-five statements, one number.

01 LOOK	02 SCORE	03 ACT
Sit with the controller and open the real reports: cost center report, product calculation, last variance analysis, monthly plant report.	Score each statement from 0 to 4. Without a report or a calculation you can point at, the score is 2 or lower.	Pick the weakest block and agree one action with an owner and a date before you leave.

The Scoring Scale

POINTS	MEANING
0	Not in place.
1	Happens occasionally, depends on individuals.
2	Partly in place, not consistent across areas.
3	Mostly in place and used in the monthly routine.
4	Consistently in place, used for decisions, reviewed and improved.

> WHY THIS MATTERS
>
> **Operations decides most of the cost of a plant: scrap, hours, inventory, energy, investments. If managers cannot read the numbers, controlling decides alone, and usually too late.**

Before You Start

- **Scope:** a plant or a production area with its own cost centers, typically 50 to 800 people.
- **Evidence:** the cost center report of last month, a product calculation, the budget, the last variance analysis and the monthly plant report.
- **Tone:** you check how operations and controlling work together, not the controller. Ask how a number is made, not who made a mistake.

THE CHECK

01 Cost Transparency

NO.	CHECK	SCORE 0 TO 4
01	The plant management team knows the total plant cost of last year split into material, personnel, energy, depreciation, maintenance and other overhead.	
02	Every cost center has one named owner who receives a monthly cost report and can explain the three largest positions.	
03	Costs are booked to the cost center where they arise, and the booking rules for energy, maintenance and indirect staff are written down.	
04	Managers can say for their area which costs are fixed and which change with volume in the short term.	
05	The cost data used on the shop floor and in controlling come from the same source and show the same numbers.	

02 Rates and Product Cost

NO.	CHECK	SCORE 0 TO 4
06	Machine hour rates exist for the main machines and are based on real running hours, not on theoretical capacity.	
07	Labor hour rates include employer social costs and are based on productive hours, not on paid hours.	
08	The cost per part of the top ten products is calculated from bills of material, routings and rates, and reviewed at least once a year.	
09	Setup, scrap and rework are visible as separate parts of the product cost, not hidden in an overhead rate.	
10	Managers know the contribution margin of their main products and the break-even volume of their area.	

THE CHECK

03 Budget and Variance

NO.	CHECK	SCORE 0 TO 4
11	The budget of each cost center is planned bottom up from volume, rates and headcount, and agreed with the cost center owner.	
12	The budget is flexed to actual volume before actual and plan are compared.	
13	Variances are split into price, quantity, efficiency and volume effects, so that the cause is visible.	
14	Every variance above an agreed limit has an explanation and an action with an owner and a date within ten working days.	
15	A rolling forecast for the rest of the year is updated at least every quarter.	

04 Improvements in Euros

NO.	CHECK	SCORE 0 TO 4
16	Lean results are translated into euros with agreed rules: inventory, lead time, floor space, scrap and hours.	
17	Every improvement above an agreed amount has a business case with investment, annual effect and payback.	
18	The difference between cash effective savings and freed capacity is made explicit in every business case.	
19	Larger investments are compared with net present value at a rate agreed with controlling.	
20	The savings of completed improvements are checked against actual costs six to twelve months later.	

THE CHECK

05 Reporting and Dialog

NO.	CHECK	SCORE 0 TO 4
21	A monthly plant report shows cost, productivity, quality, delivery and inventory on two pages with trends.	
22	Operational KPIs on the shop floor are linked to cost KPIs, so that teams see what a point of OEE or scrap is worth.	
23	Plant management and controlling meet monthly with a fixed agenda, and decisions are recorded.	
24	Cost reports reach the cost center owners within five working days after month end.	
25	Managers are trained to read a cost center report, a product calculation and a variance analysis.	

Your Result

BLOCK	POINTS	OUT OF
01 Cost Transparency		20
02 Rates and Product Cost		20
03 Budget and Variance		20
04 Improvements in Euros		20
05 Reporting and Dialog		20
TOTAL		100

YOUR RESULT

Read the Number

The total tells you how far operations can steer cost. The weakest block tells you where to start.

TOTAL	WHAT IT MEANS	WHAT TO DO FIRST
0 to 39	Blind. Costs arrive as a surprise at month end, and nobody in operations can explain them.	Name cost center owners. Split last year into cost types. Calculate one machine hour rate.
40 to 59	Reported. Numbers exist, but they are read by controlling, not used by operations.	Flex the budget. Split variances by cause. Calculate the top ten products.
60 to 79	Steered. Managers explain variances and act on them every month.	Translate improvements into euros with agreed rules. Check savings after six months.
80 to 100	Integrated. Cost, quality and flow are steered in one routine.	Hold the level. Add value stream views and rolling forecasts.

Your Three Priorities

NO.	WHAT TO IMPROVE	FIRST ACTION	OWNER	DUE

THE RULE FOR EVERY ACTION

Owner and date, or it did not happen. Repeat the check after six months and compare the blocks, not the feeling.

What to Do Next

NEXT STEP	WHAT YOU GET
COST AND CONTROLLING STARTER KIT	The guide for the first 30 days, plus the workbook with machine and labor hour rates, cost per part, budget and variance analysis.
COST AND CONTROLLING EXCELLENCE BUNDLE	The full playbook, a two-day workshop pack, eight templates, the plant cost Excel system and a ready-to-use workshop deck.