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# *Product Job Cost Analysis...*

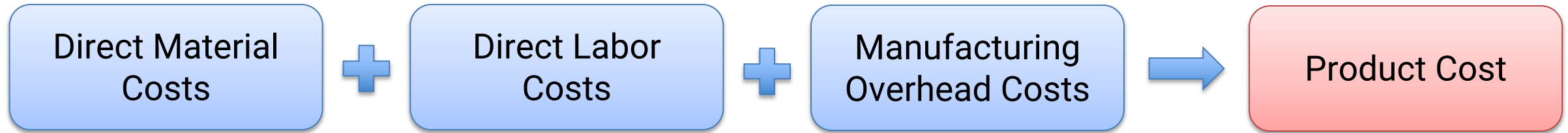
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*How much does it  
cost to make this?*

*Where do those  
costs come from?*

# Product Costs

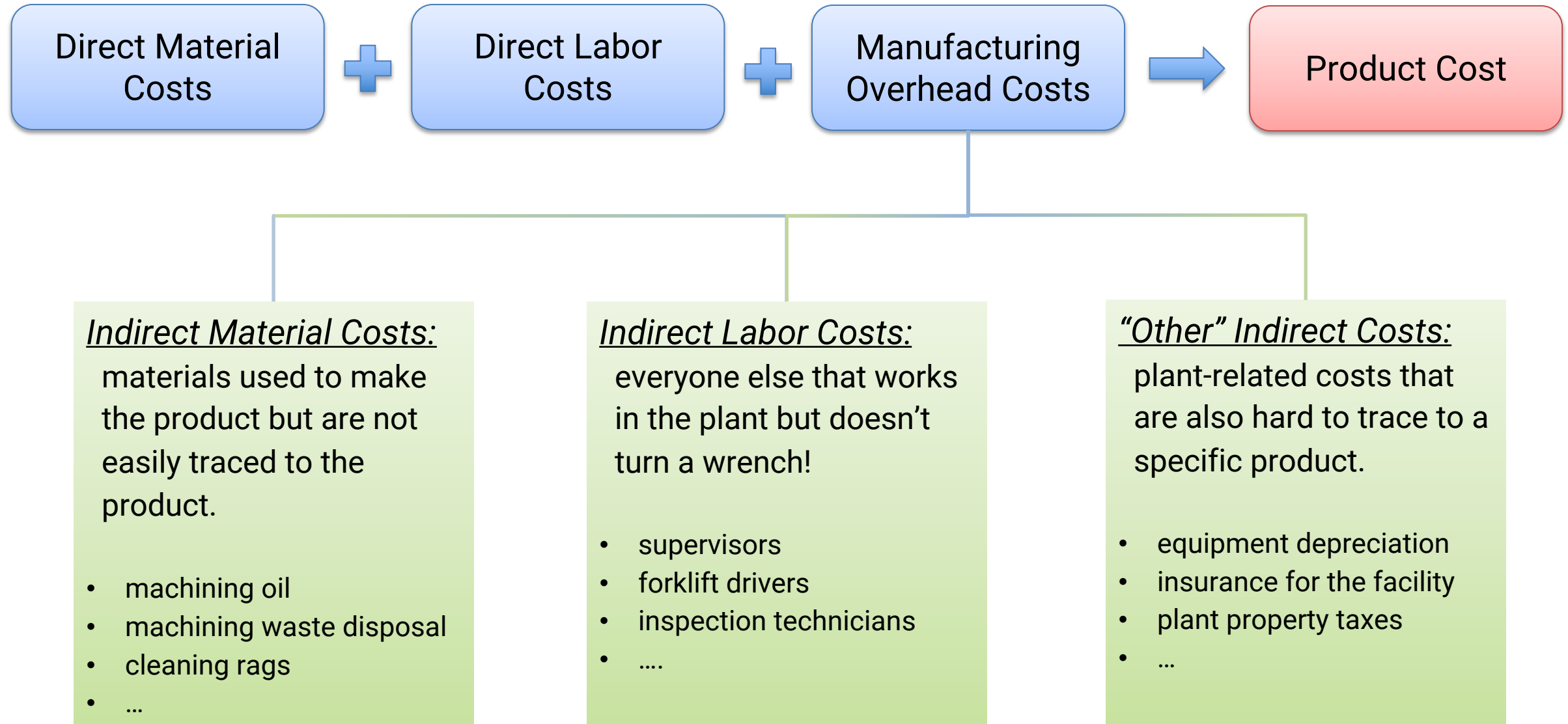


Direct Material Costs ("DM"): the costs of all those materials that ultimately become part of the final product.

Direct Labor Costs ("DL"): the cost of all the employees that turned those materials into the finished product!

Manufacturing Overhead Costs ("MOH"): all the "other" costs associated with making the product but are not part of the "direct" costs. In financial terms, these are the "indirect" manufacturing costs.

# Manufacturing Overhead Costs



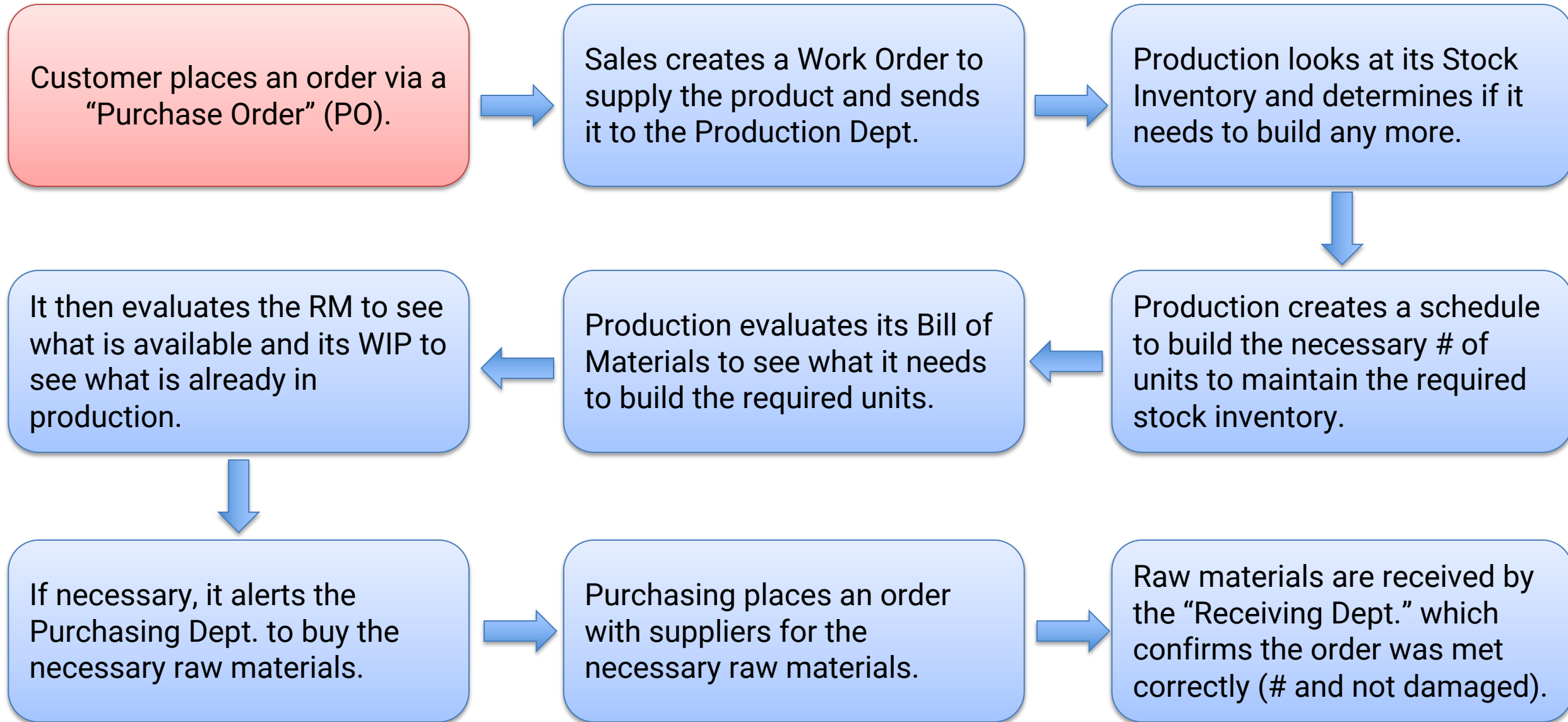
# Product Cost Analysis...

## *Ex. Cost of an e-Bike...*

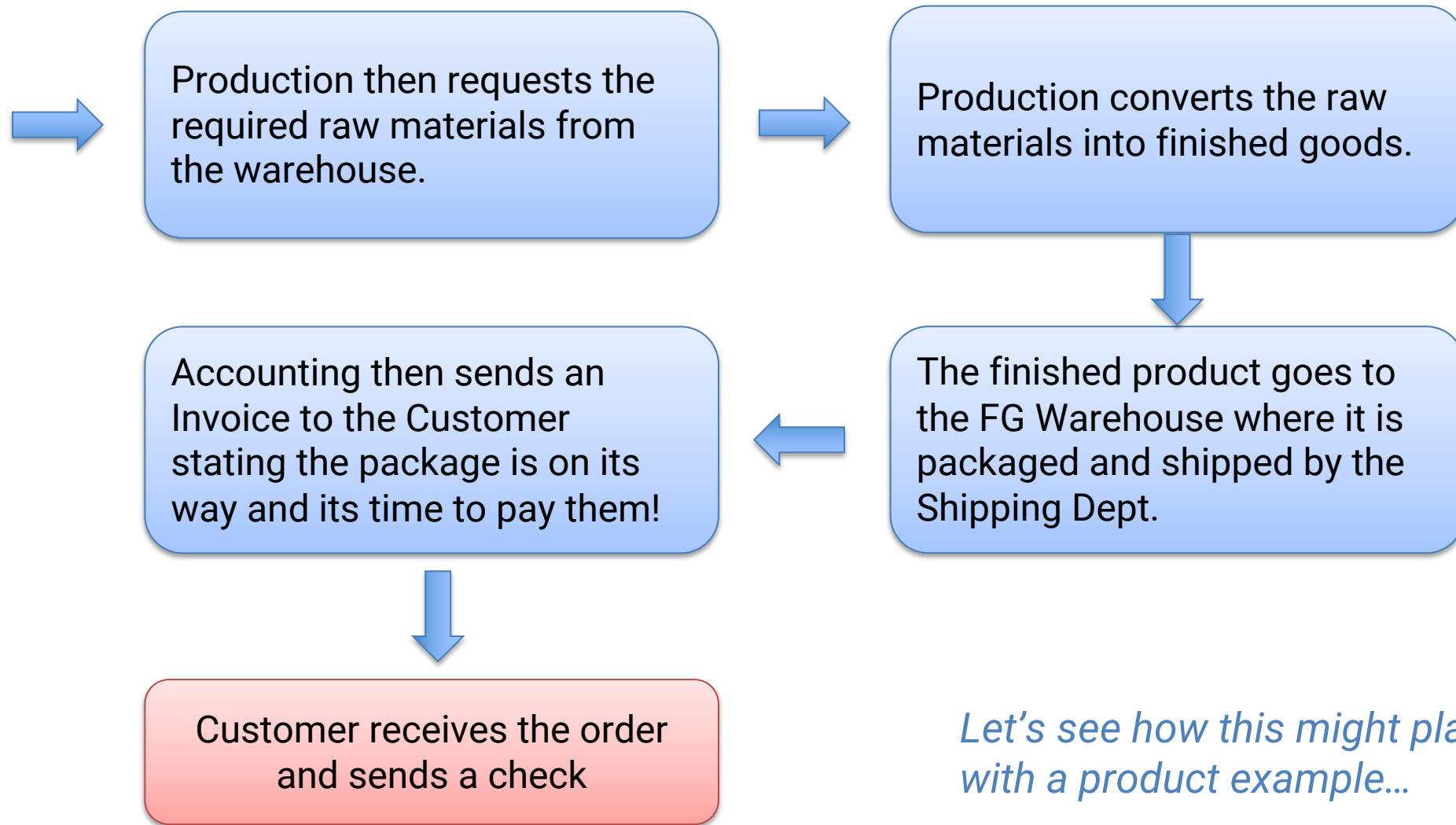
Let's look at an example of how a company might build an e-bicycle and how it would determine its product cost.



# The Production Process...(somewhat simplified)



# The Production Process (continued)...



*Let's see how this might play out with a product example...*



# Next Time...

## *Into the Weeds on the Product Job-Cost Approach*



# Credits & References

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Slide 1: Black electric bike isolated with clipping path by eshma, Adobe Stock (222853589.jpeg).

Slide 4: Black electric bike isolated with clipping path by eshma, Adobe Stock (222853589.jpeg). An excellent reference on product cost analysis can be found in “Managerial Accounting” by Braun and Tietz, Pearson (2015). Some of this lesson was adapted from this text.

Slide 7: Bicycle factory, worker holds teen bike frame by Nomad\_Soul, Adobe Stock (389654739.jpeg).