



# Cost Card Analysis

## Food Manufacturer Company

Partnered with the client to analyze the quarterly cost cards, shared by the co-manufacturers, to identify revenue leakages by tracking the variance in BOM (bill of materials) and associated COGS at the SKU level, flagging any potential discrepancies with respect to contract terms

# Cost Card Analytics for a Breakfast Products Provider

## Situation

- Client outsources its manufacturing to multiple co-manufacturers and had limited visibility into SKU-level BOM, ingredients pricing, etc. There was an opportunity to create a centralized reporting and analysis of cost cards
- Partnered with the client to analyze the quarterly cost cards, shared by the co-manufacturers, to identify revenue leakages by tracking the variance in BOM and associated COGS at an SKU-level and flag any potential discrepancies with respect to contract terms

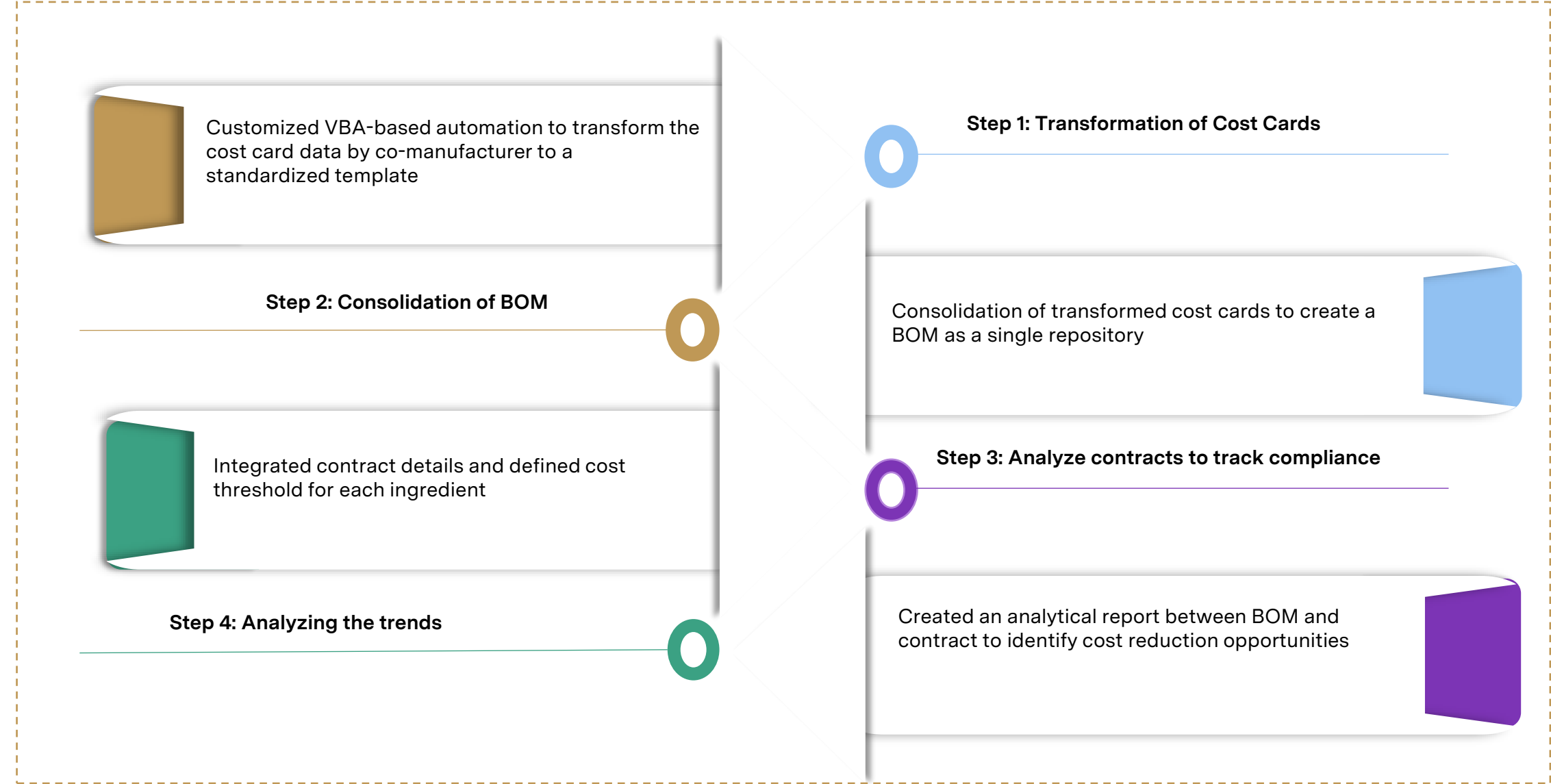
## Accordion Value Add

- Created a consolidated BOM by aggregating the cost cards, received from various co-manufacturers, through customized VBA-based automation by applying necessary transformations. Also, aggregated the contracts data ('Ingredients', 'Tolling', and 'Packaging') to create a single repository for reporting
- Created business rules to identify variance in BOM and associated COGS at an SKU-level, beyond the defined threshold limit. Additionally, compared the cost charged for ingredients, tolling, and packaging with the contract tracker to flag any potential discrepancies
- Built an Excel-based centralized cost card tracker across co-manufacturers to track QoQ trends, ingredients wastage, contract compliance and flag any potential discrepancies so that the client can take necessary corrective actions

## Impact

- Centralized Company-level cost card reporting provided visibility into revenue leakages and enabled the team to take real-time corrective actions with the help of Centralized Company-level cost card reporting provided visibility into revenue leakages and enabled the team to take real-time corrective actions with the help of triggers set up
- Reconciliation of contracts with the cost cards highlighted inconsistencies in ingredient costs and wastage (~2%) due to mismatch in contract price vs. the cost considered in the cost cards
- Automated consolidation and analysis of cost cards translated to ~75% reduction in person-hours that went into collating the data manually on a quarterly basis

# Methodology/ Approach



# Bom Consolidation – Single Repository for Reporting

ILLUSTRATIVE

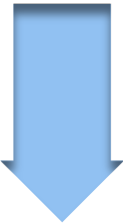
SKU#1

Case Weight	2.80
Net Case Weight (lbs.)	2.80

Ingredients							
Item ID	Description	% of formula	qty	um		\$/um	Final cost \$
ID1	Ingredient 1	19.86%	0.5556	lbs.		\$1.95	\$1.08
ID2	Ingredient 2	68.82%	1.9247	lbs.		\$1.88	\$3.61
ID3	Ingredient 3	11.32%	0.3165	lbs.		\$42.65	\$13.49

Cost card for individual SKUs and Ingredients

Packaging							
Item ID	Description		qty	um	loss %	\$/um	Final Cost \$
ID4	Bottle		1	ea	0%	\$1.66	\$1.66
ID5	Lids		1	ea	0%	\$0.14	\$0.14
ID6	Label		1	ea	0%	\$0.13	\$0.13



Consolidated cost cards into BOM

Item ID	Description	% of formula	qty	um	loss (%)	\$/um	Final cost \$	Ingredient type	Case weight (lbs.)	SKU ID
ID1	Ingredient 1	19.86%	0.5556	lbs.		\$1.95	\$1.08	Ingredients	2.80	SKU#1
ID2	Ingredient 2	68.82%	1.9247	lbs.		\$1.88	\$3.62	Ingredients	2.80	SKU#1
ID3	Ingredient 3	11.32%	0.3165	lbs.		\$42.65	\$13.50	Ingredients	2.80	SKU#1
ID4	Bottle		1	ea	0%	\$1.66	\$1.66	Packaging	2.80	SKU#1
ID5	Lids		1	ea	0%	\$0.14	\$0.14	Packaging	2.80	SKU#1
ID6	Label		1	ea	0%	\$0.13	\$0.13	Packaging	2.80	SKU#1