

## Descriptive Costing Method Maturity Quick Assessment Tool

Use this tool to make a quick assessment of the maturity of your organization’s managerial costing system. The questions below indicate characteristics that should be present at the various stages of maturity. The question with the highest “yes” response indicates the maturity of your costing system.

Want to learn more about how to design and implement a system that better meets the needs of your organization? If so, click on the button at the bottom of this page.

Question	Maturity Level
Does your accounting or costing system segregate indirect costs into departments or cost centers that reflect the major functions that comprise your organization?	1—Blind
Does your accounting or costing system isolate the cost of the organization's major operating processes or value streams?	2—Process Visibility
Does your accounting system assign direct costs (direct materials and services, direct labor) to outputs (products or services)?	3—Partial Output Cost Visibility
Does your accounting or costing system accumulate indirect costs that support the organizations outputs (products or services) and assign them to those outputs?	4—Output Cost Visibility
Does your costing system assign both direct costs and indirect support costs to individual outputs with the indirect costs being assigned as a function of the direct costs (cost per direct labor hour, percentage of direct labor dollars, percentage of material price, etc.)?	5—Improved Focus on Individual Output Cost Measurement
Does your costing system assign both direct costs and indirect support costs to individual outputs with the indirect costs being assigned using a variety of "strong causally based" assignment or drivers?	
Does your costing system assign indirect product/service line support costs to individual products/services using "strong causal relationship" drivers (orders, tasks/service events, shipments, units, transactions, etc.)?	6—Improved Treatment of Indirect Costs to Increase Accuracy
Does your costing system assign direct and indirect support customer/ channel support costs to individual customers or distribution channels using "strong causally based" assignments or drivers (number of orders, sales calls, tasks/service events, shipments, units, transactions, percentages of value-added, etc.)?	7—Expanding Cost Objectives to Include Customer Views
Does your accounting or costing system assign costs with a weak or no causal relationship to business sustaining cost objects that are not allocated to a product or service?	8—Unused Capacity Awareness