



In-depth Concepts on Job Costing

23BBT605:
Accounting for Managers

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Presentation Purpose and Learning Goals

This presentation aims to provide students with a clear understanding of job costing concepts, integrating them with design thinking principles to enhance their problem-solving skills in real-world applications.



Job Costing Fundamentals

Essential Concepts and Components Explained

Definition

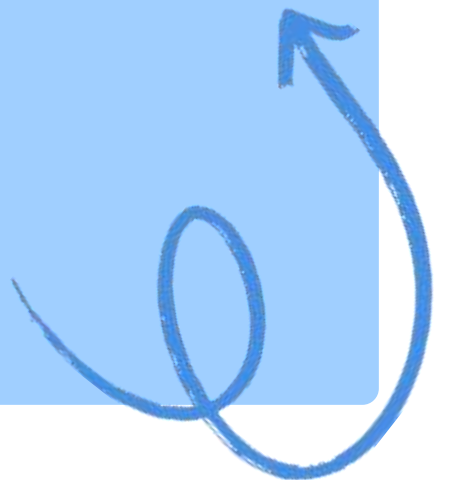
Job costing is a method used to track costs for individual **projects or jobs**, ensuring accurate financial management and accountability in various industries.

Cost Components

It consists of three main parts: direct materials, direct labor, and manufacturing overhead, each contributing to the total cost incurred during a project.

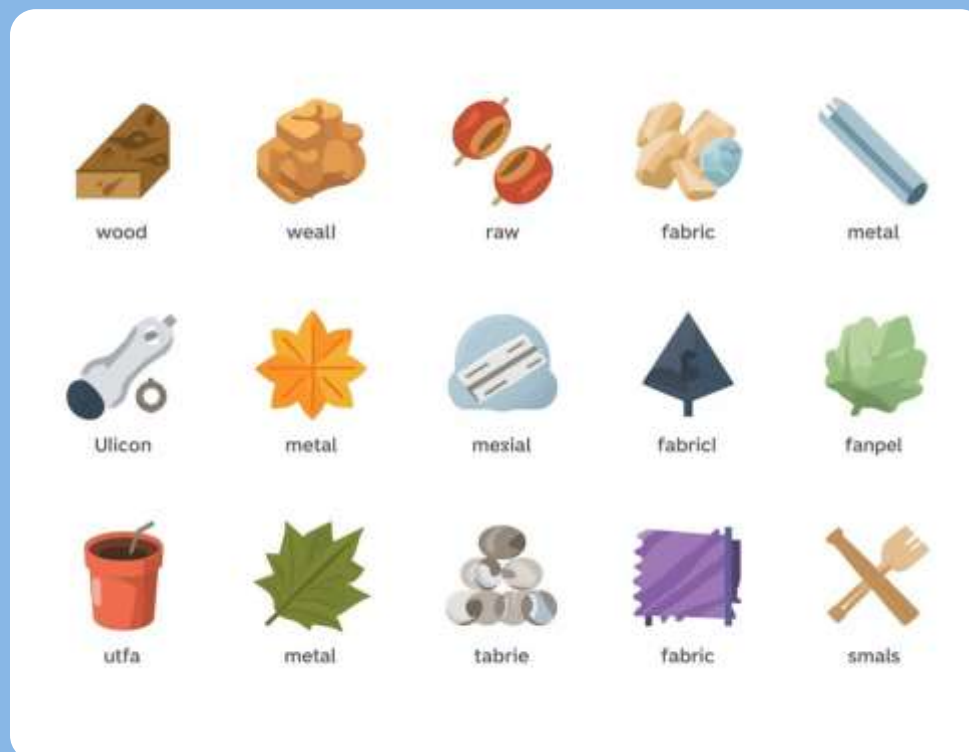
Cost Assignment

Costs are assigned to each job based on actual usage and expenditures, allowing for precise tracking and effective budgeting throughout the project lifecycle.



Cost Components Overview

Direct Materials



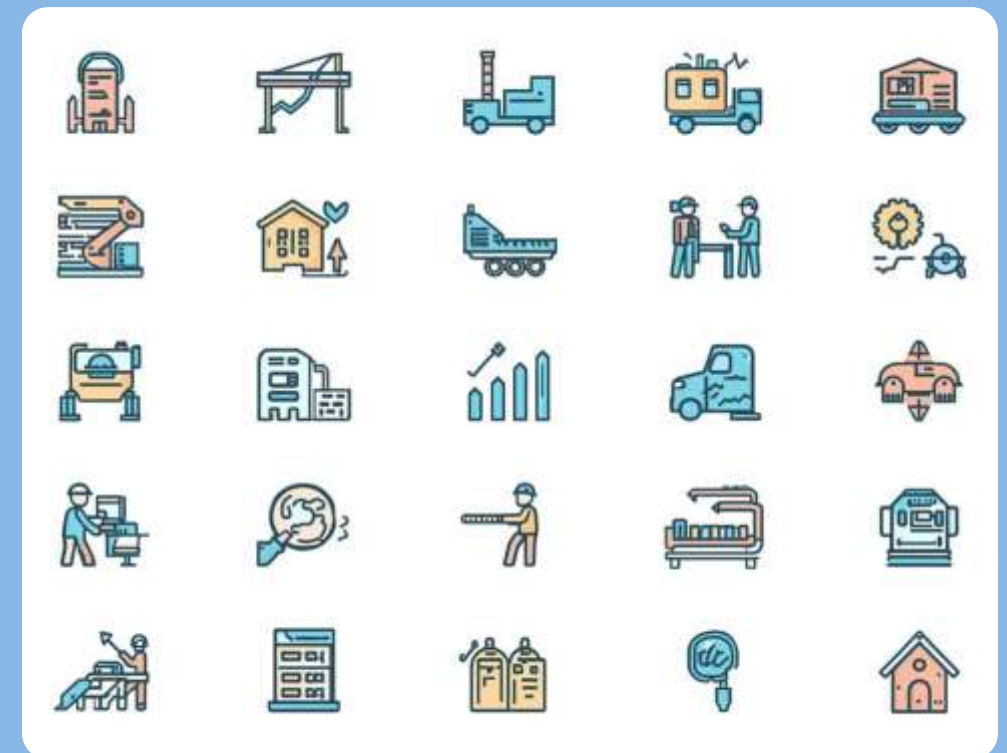
Direct materials are the **physical items** used to create a product, impacting overall costs.

Direct Labor



Direct labor refers to the **hours worked** by employees directly involved in production processes.

Manufacturing Overhead



Manufacturing overhead includes costs not directly tied to materials or labor, yet essential for production.

Industries Using Job Costing

Job costing is crucial for various industries, **especially in construction**, where tracking specific costs for each project ensures accurate budgeting and profitability, ultimately leading to successful project management and client satisfaction.



Design Thinking Framework

Understanding Its Key Phases

Empathize

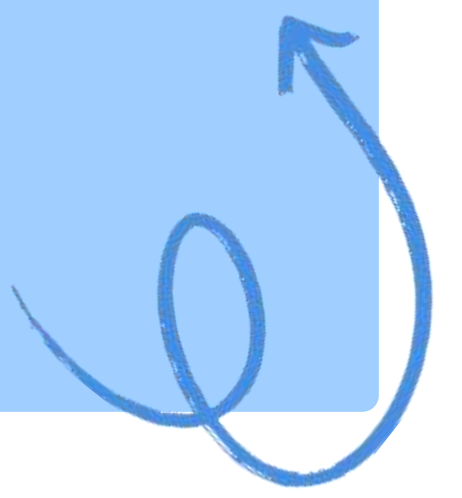
Empathizing involves understanding the user's needs and experiences, enabling us to gather insights that inform the job costing process and ensure our approach is client-centered.

Define

In the Define phase, we clarify the job's scope and objectives, ensuring that all stakeholders agree on expectations while accurately anticipating costs involved in the project.

Ideate

Ideation focuses on generating innovative solutions for job costing, encouraging creativity to identify cost-saving strategies and process improvements, ultimately enhancing project efficiency and effectiveness.



Connecting Job Costing

Aligning with Design Thinking Phases

Empathize

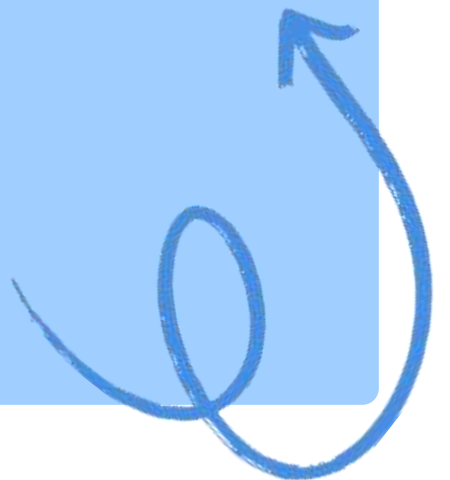
Understanding client needs and cost expectations is key. By engaging in conversations, teams can gather insights to ensure accurate job costing aligned with project requirements.

Define

Clarifying job scope and cost objectives helps establish clear expectations. Defining these parameters leads to accurate estimates and cost tracking tailored to specific project needs.

Ideate

Brainstorming cost-saving strategies fosters innovation. By generating creative ideas, teams can explore process improvements that enhance efficiency and reduce overall job costs.



Understanding Job Requirements

Clarifying Scope and Cost Objectives

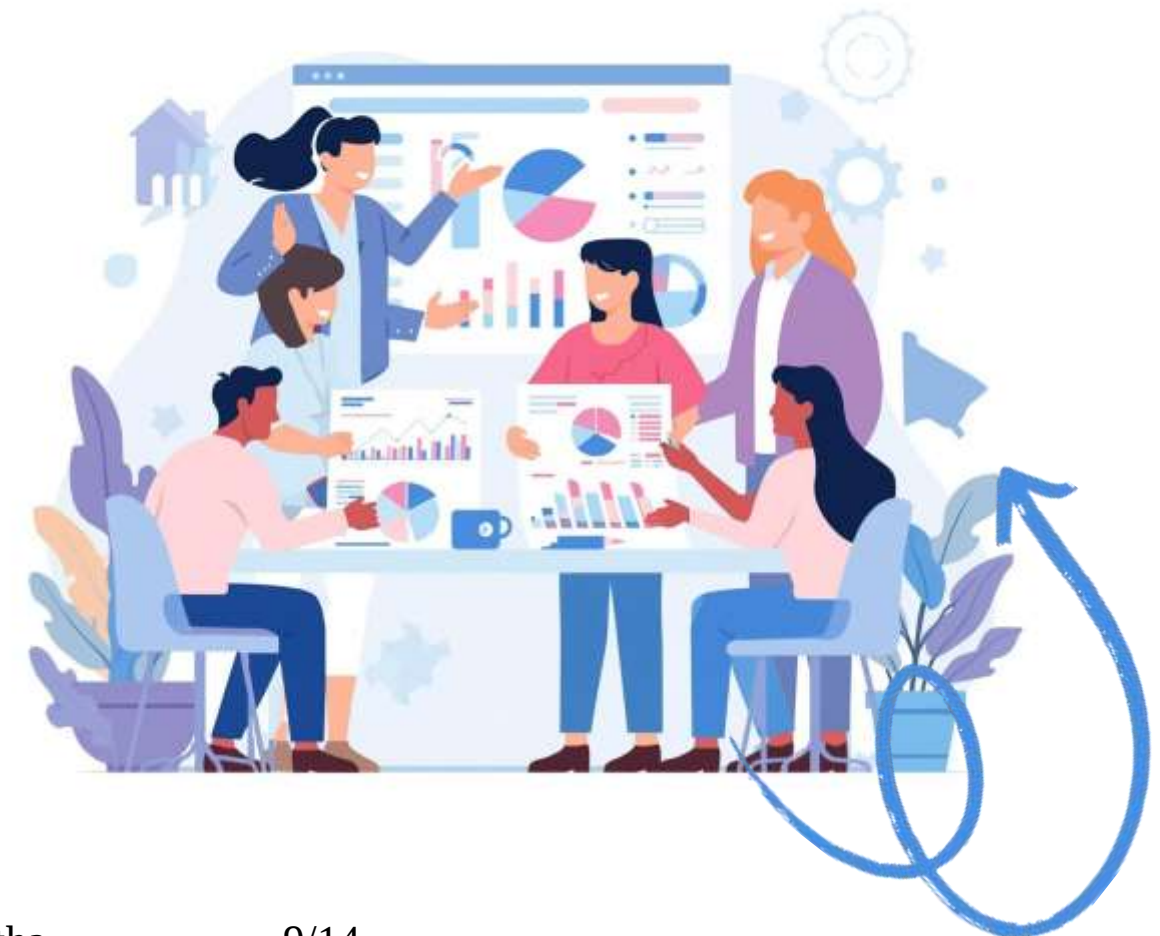
In the **Empathize** phase, understanding client needs is crucial. The **Define** stage clarifies the job scope and cost objectives, leading to effective cost management and project planning.



Estimating and Testing Job Costs

Applying costing methods in practice

Accurately estimating and applying cost tracking methods in pilot jobs is crucial for refining approaches. Regular reviews ensure alignment between actual and estimated costs, leading to informed decision-making.



Brainstorming in Action

Applying Ideation Techniques to Job Costing

Importance of Brainstorming

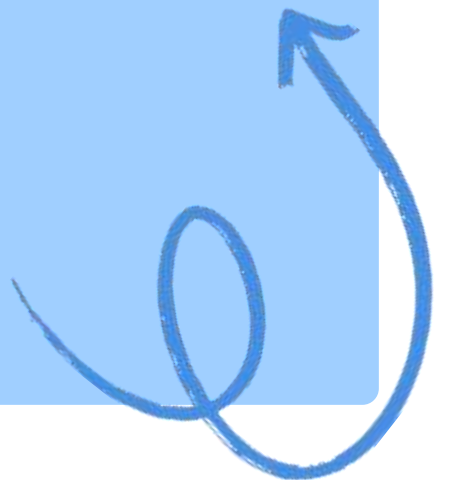
Brainstorming is a **critical component** in design thinking, enabling students to generate innovative cost-saving ideas and approaches during job costing processes, fostering creativity and collaboration.

Guided Prompts

Utilizing structured prompts can help students identify relevant cost components, encouraging them to think critically about their projects and develop effective strategies for job costing management.

Group Activities

Collaborative exercises stimulate discussion among peers, allowing students to share insights and diverse perspectives, ultimately enhancing their understanding of job costing through shared experiences and innovative solutions.





Creative Application

Group Activity



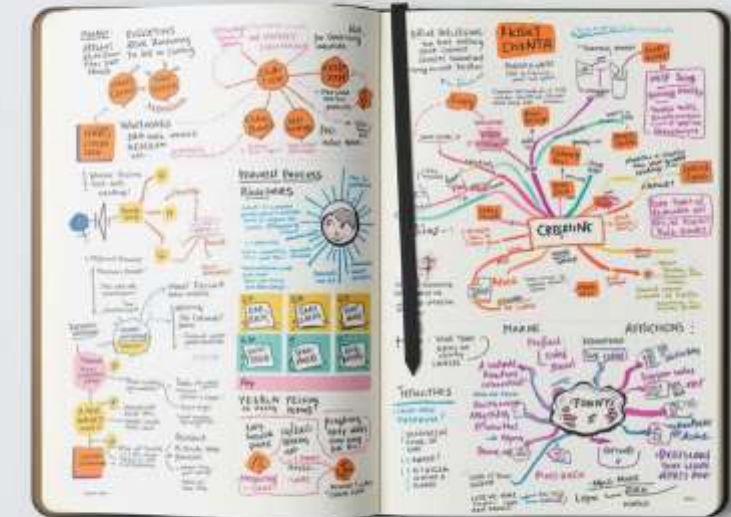
Engage in a **collaborative discussion** to identify cost-saving strategies for hypothetical projects.

Individual Exercise



Challenge yourself to brainstorm **unique cost components** for a project on your own.

Reflection



Reflect on your ideas to **enhance understanding** of job costing concepts and design thinking.

Recap of Job Costing Essentials

Understanding job costing is crucial. Integrating **design thinking** fosters creative problem-solving, helping students effectively manage costs and make informed decisions for future projects and challenges in various industries.



Creative Thinking



Think creatively about your costs