**Our Buying Secrets Program Webinar Agenda**

**Webinar 9**

**Cost Estimating – The Real Cost of Production Exposed!**

1. Review
2. What is a Cost Estimate?
3. How to Make a Cost Estimate?
4. Cost Estimate Template and Live Example
5. Question and Answer

**What is a Cost Estimate?**

* A “Cost Estimate” is an attempt to fully understand the cost drivers of piece price for any given product or assembly. This includes materials, labour, processes and market conditions relevant to your product and manufacturing location.
* A cost Estimate is a living document that improves over time.
* A cost estimate is a powerful analysis and negotiation tool.

**How do you make a Cost Estimate?**

* Firstly, you need to understand your products materials:
	+ What materials are there?
	+ How much do they weigh?
	+ Is there any critical feature based in the materials used?
	+ Are there any purchased products?
* Second we need to look at the processes and labour:
	+ Is it mass produced or crafted?
	+ What are the main features? (bends, surfaces, holes, fitments)
	+ How much manual labor is needed vs automation? (assembly, manual processes)
* The third step is to look at the market where you intend to make the product
	+ Labor rates (google)
	+ Utilities (google)
	+ Access to materials (only if some unique feature is required)
	+ Access to ports (google maps, logistics companies, Alibaba)

**Case Study – Building a cost estimate for a crochet cat doll**

* Walk through the template and explain the key points

**Review and understand your cost estimate**

* Strengths
* Weaknesses
* Factors that may change the estimate (process, machinery, location)
* How to improve it?