

Standard Business Decisions

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The purpose of this document is to list the types of business decisions. For more detail on each of these types see the TeamsWin General Business Model embedded in our software. Our PowerMe software shows you the information required for each of these decisions with your business as the example. Types of business decisions are:

External

Investment decisions

Internal

Planning decisions

Budgeting decisions

Sales decisions

Production decisions

Advertising decisions

Cost Volume Profit Analysis

Selling price; number and type of products to manufacture; amount to spend on promotion costs, and type of equipment to buy are decisions that are made after the relationship between cost, volume, and profit has been completely analyzed. The key to establishing this relationship: understanding the value of the contribution margin.

Contribution Margin Analysis

The causes of an increase or decrease in the budgeted contribution margin can be isolated by analyzing the variance.

Standard Cost Variance Analysis

Standard cost variance analysis is a use of standard costs. Standard costs are a costing system in which the uniform costs are assigned to products and differences between standard and actual are accumulated in variance accounts. Use of a standard gives management criteria for evaluating performance. Standard costs should always be developed based on normal production capacity.

Summary: Standard Business Decisions

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