1. **Activity-based Management ("ABM"):** Uses activity analysis and activity-based costing to help managers identify the value of activities and to make strategic performance decisions—adding/deleting products, adjusting process capacities, adjusting prices, removing costs and complexities, and more.

2. **Cost Allocation:** The process of assigning indirect costs to cost pools and cost objects.

3. **Cost of Goods Manufactured:** The cost of goods that were finished and transferred out of Work-in-Process Inventory account during a given period.

4. **Critical Success Factors ("CSFs"):** Measures of those aspects of the firm’s performance that are essential to its competitive advantage and therefore to its success.

5. **Direct Cost:** A cost conveniently and economically traced directly to a cost pool or a cost object.

6. **Enterprise Risk Management:** A framework and process that firms use to manage the risks that could negatively or positively affect the company’s competitiveness and success.

7. **Enterprise Sustainability:** The balancing of the company’s short-and long-term goals in all three dimensions of performance—social, environmental, and financial.

8. **Finished Goods Inventory:** The cost of goods that are ready for sale.

9. **Fixed Cost:** The portion of the total cost that does not change with a change in the quantity of the cost driver, within the relevant range and a given time period (e.g., one year).

10. **Indirect Cost:** A cost that is not conveniently or economically traceable to a specific cost pool or object.

11. **Internal Accounting Controls:** A set of policies and procedures that restrict and guide activities in the processing of financial data with the objective of preventing or detecting errors and fraudulent acts.

12. **Management Accounting:** A profession that involves partnering in management decision making, devising planning and performance management systems, and
providing expertise in financial reporting and control to assist management in the formulation and implementation of an organization’s strategy.

13. **Overhead**: All the indirect costs commonly combined into a single cost pool.

14. **Period Costs**: All non-product expenditures for managing the firm and selling the product.

15. **Prime Costs**: The sum of direct materials and direct labor.

16. **Strategic Management**: The development and implementation of a sustainable competitive position.

17. **SWOT Analysis**: A systematic procedure for identifying a firm’s critical success factors: its internal strengths and weaknesses, and its external opportunities and threats.

18. **Theory of Constraints (“TOC”)**: An analysis of operations that improves profitability and cycle time by identifying bottlenecks in the operation and determining the most profitable product mix.

19. **Total Quality Management (“TQM”)**: The unyielding and continuous effort by everyone in the organization to understand, meet, and exceed customer expectations.

20. **Unit Cost**: The total manufacturing cost (materials/labor/overhead) divided by units of output.

21. **Value Chain**: An analytic tool firms use to identify the specific steps required to provide a product or service to the customer.

22. **Variable Cost**: The change in total cost associated with each change in the quantity of the cost driver.

23. **Work-in-process Inventory**: Contains all costs put into the manufacture of products that are started but not complete at the financial statement date.